

Estigarribia, and sympathizes with the people of the Republic of Paraguay in the loss of their beloved President.

*Resolved*, That the President be requested to communicate this expression of sentiment of the House of Representatives to the Government of Paraguay.

*Resolved*, That as a further mark of respect to the memory of President Estigarribia the House do now adjourn.

The resolution was agreed to.

#### ADJOURNMENT

Accordingly (at 3 o'clock and 48 minutes p. m.) the House adjourned until tomorrow, Tuesday, September 10, 1940, at 12 o'clock noon.

### COMMITTEE HEARINGS

#### COMMITTEE ON IRRIGATION AND RECLAMATION

There will be an executive session of the Committee on Irrigation and Reclamation on Tuesday, September 10, 1940, at 10 a. m., in room 128, House Office Building, for the purpose of considering H. R. 10122.

### EXECUTIVE COMMUNICATIONS, ETC.

1936. Under clause 2 of rule XXIV a letter from the Acting Secretary of the Navy, transmitting a draft of a proposed bill to authorize naval agents to assist civil authorities in the enforcement of the law, was taken from the Speaker's table and referred to the Committee on Naval Affairs.

### REPORTS OF COMMITTEE ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COLMER: Committee on Rules. House Resolution 594. Resolution providing for the consideration of the bill (H. R. 10412) to expedite the provision of housing in connection with national defense, and for other purposes; with amendment (Rept. No. 2934). Referred to the House Calendar.

### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9279. By Mr. GREGORY: Petition of Charles B. Hatfield, secretary, representing the Local Association of the National Emergency Committee of Military Training Camps Association of Paducah, Ky., favoring passage of the Burke-Wadsworth bill and all material aid possible to Great Britain; to the Committee on Military Affairs.

9280. By Mr. THOMASON: Petition of a number of mothers of Midland, Tex., urging all possible aid to the British Empire, and stating that the so-called Mothers of America do not represent the true American mothers; to the Committee on Military Affairs.

9281. Also, petition of a group of residents of El Paso, Tex., favoring immediate passage of conscription bill; to the Committee on Military Affairs.

9282. By Mr. VOORHIS of California: Petition of Tom Roberts, of South Gate, Calif., and 37 others, endorsing House bill 4931, providing for the Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of the constitutional money power; and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

9283. Also, petition of C. A. Vinson, of Oroville, Calif., and 24 others, endorsing House bill 4931, providing for the Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of the constitutional money power; and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

9284. Also, petition of Charles U. Baker, of Los Angeles, Calif., and 4 others, endorsing House bill 4931, providing for the Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of the constitutional money power; and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

9285. By the SPEAKER: Petition of the International Association for Identification of Youngstown, Ohio, petitioning consideration of their resolution with reference to fingerprint identification work; to the Committee on the Judiciary.

9286. Also, petition of the Los Angeles Industrial Union Council, Los Angeles, Calif., petitioning consideration of their resolution with reference to deportation of Harry Bridges; to the Committee on Immigration and Naturalization.

9287. Also, petition of the Rotary Club of Puerto Rico, petitioning consideration of their resolution with reference to delivery to Great Britain of 50 or more over-age destroyers of the United States; to the Committee on Naval Affairs.

9288. Also, petition of the National Association for the Advancement of Colored People of Mobile, Ala., petitioning consideration of their resolution with reference to the national-defense program; to the Committee on Military Affairs.

9289. Also, petition of the International Association for Identification of Youngstown, Ohio, petitioning consideration of their resolution with reference to legislation on fingerprinting; to the Committee on the Judiciary.

## SENATE

TUESDAY, SEPTEMBER 10, 1940

(Legislative day of Monday, August 5, 1940)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

O Eternal God, who has taught us in Thy Holy Word that our bodies are temples of Thy Spirit: Keep us, we humbly beseech Thee, temperate and holy in thought, word, and deed, that, with all the pure in heart, we may see Thee as Thou art and be conformed to Thy likeness.

Do Thou open our hearts to share with others the faith which Thou hast revealed to us in Thy blessed Son, until the littleness of our knowledge becomes lost in the greatness of Thy love. And may the eternal and ever-blessed Father, whose chosen reward is the gift of peace, so fill us with His grace and heavenly benediction, that Christ, who is the brightness of His glory, may dwell in us and we in Him both now and evermore. Amen.

#### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Monday, September 9, 1940, was dispensed with, and the Journal was approved.

#### CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Russell
Andrews	Downey	La Follette	Schwartz
Ashurst	Ellender	Lee	Schwellenbach
Austin	George	Lodge	Sheppard
Bailey	Gerry	McCarran	Smathers
Barbour	Gibson	McKellar	Stewart
Barkley	Gillette	Maloney	Taft
Billbo	Green	Mead	Thomas, Idaho
Brown	Guffey	Miller	Thomas, Okla.
Bulow	Gurney	Minton	Thomas, Utah
Burke	Hale	Neely	Townsend
Byrd	Harrison	Norris	Tydings
Byrnes	Hatch	Nye	Vandenberg
Capper	Hayden	O'Mahoney	Van Nuys
Caraway	Herring	Overton	Wagner
Clark, Idaho	Hill	Pittman	Walsh
Clark, Mo.	Hughes	Radcliffe	Wheeler
Connally	Johnson, Calif.	Reed	White
Danaher	Johnson, Colo.	Reynolds	Wiley

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] and the Senator from West Virginia [Mr. HOLT] are absent because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Kentucky [Mr. CHANDLER], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHAY], the

Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LUCAS], the Senator from Montana [Mr. MURRAY], the Senator from Florida [Mr. PEPPER], the Senator from Illinois [Mr. SLATTERY], the Senator from South Carolina [Mr. SMITH], and the Senator from Missouri [Mr. TRUMAN] are necessarily absent.

Mr. AUSTIN. The Senator from Oregon [Mr. HOLMAN] is absent on public business.

The Senator from Oregon [Mr. McNARY], the Senator from North Dakota [Mr. FRAZIER], the Senator from New Hampshire [Mr. TOBEY], and the Senator from Minnesota [Mr. SHIPSTEAD] are unavoidably absent.

The PRESIDENT pro tempore. Seventy-six Senators have answered to their names. A quorum is present.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the bill (S. 4008) to authorize the Reconstruction Finance Corporation to make loans for the development of deposits of strategic and critical minerals which in the opinion of the Corporation would be of value to the United States in time of war, and to authorize the Reconstruction Finance Corporation to make more adequate loans for mineral developmental purposes.

The message also announced that the House had passed the bill (S. 4165) to provide, in cooperation with the Port of New York Authority, for the construction in New York Harbor of a graving drydock large enough to accommodate the largest naval ships built or building, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 9525. An act to provide for the reorganization of the government of the District of Columbia;

H. R. 9656. An act to authorize the acceptance of donations of property for the Vicksburg National Military Park, in the State of Mississippi, and for other purposes;

H. R. 10406. An act to authorize the appointment of graduates of the Naval Reserve Officers' Training Corps to the line of the Regular Navy, and for other purposes;

H. R. 10438. An act to extend the age limits for applicants for appointment as midshipmen at the United States Naval Academy; and

H. J. Res. 602. Joint resolution to authorize Jesse H. Jones, Federal Loan Administrator, to be appointed to, and to perform the duties of, the Office of Secretary of Commerce.

#### PETITION

The PRESIDENT pro tempore laid before the Senate a telegram in the nature of a petition from E. H. Groom, Wacissa, Fla., praying that the United States immediately furnish to Great Britain for defense purposes a thousand or more airplanes, which was referred to the Committee on Military Affairs.

#### REPORTS OF COMMITTEES

Mr. ELLENDER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 3009. A bill for the relief of June Thompson, a minor (Rept. No. 2099);

H. R. 4815. A bill for the relief of Henry J. Wise (Rept. No. 2100);

H. R. 5040. A bill for the relief of Arthur Joseph Reiber, a minor (Rept. No. 2101); and

H. R. 5314. A bill for the relief of Paul J. Kohanik (Rept. No. 2102).

Mr. ELLENDER also, from the Committee on Claims, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

H. R. 1284. A bill for the relief of Sophronia Holmes (Rept. No. 2103);

H. R. 1874. A bill for the relief of Mrs. E. V. Maki (Rept. No. 2104); and

H. R. 5154. A bill for the relief of Charles Kliewe (Rept. No. 2105).

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them severally with amendments and submitted reports thereon:

S. 4083. A bill to permit mining within the Organ Pipe Cactus National Monument in Arizona (Rept. No. 2106);

S. 4130. A bill to provide for the establishment of the Coronado International Monument in the State of Arizona (Rept. No. 2107); and

H. R. 6813. A bill to accept the cession by the States of North Carolina and Tennessee of exclusive jurisdiction over the lands embraced within the Great Smoky Mountains National Park, and for other purposes (Rept. No. 2108).

Mr. GURNEY, from the Committee on Military Affairs, to which was referred the bill (S. 4270) to promote and strengthen the national defense by suspending enforcement of certain civil liabilities of certain persons serving in the Military and Naval Establishments, reported it with amendments and submitted a report (No. 2109) thereon.

Mr. OVERTON, from the Committee on the District of Columbia, to which was referred the bill (H. R. 8846) to provide for the retirement of certain members of the Metropolitan Police Department of the District of Columbia, the United States Park Police force, the White House Police force, and the members of the Fire Department of the District of Columbia, reported it with amendments and submitted a report (No. 2110) thereon.

#### ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on September 9, 1940, that committee presented to the President of the United States the enrolled bill (S. 4272) to amend the act approved March 4, 1925, entitled "An act providing for sundry matters affecting the naval service, and for other purposes," as amended.

#### BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BURKE:

S. 4335. A bill to make George D. Kahn eligible for naturalization; to the Committee on Immigration.

S. 4336. A bill for the relief of Rodney Eugene Hoover; and  
S. 4337. A bill for the relief of Joseph Pollack; to the Committee on Claims.

By Mr. THOMAS of Oklahoma:

S. 4338. A bill to amend the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes," approved June 28, 1937, as amended; to the Committee on Indian Affairs.

By Mr. ELLENDER:

S. 4339. A bill confirming the claim of Patrick Morgan and Daniel Clark to certain lands in the State of Louisiana, county of Attakapas, now parish of St. Martin, said claim being listed as No. 97 in report of commissioners dated May 1, 1815; to the Committee on Public Lands and Surveys.

By Mr. BARKLEY:

S. 4340. A bill to assist in the national-defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts; to the Committee on the Judiciary.

By Mr. BAILEY:

S. 4341. A bill to expedite national defense by suspending, during the national emergency, provisions of law that prohibit more than 8 hours' labor in any one day of persons engaged upon work covered by contracts of the United States Maritime Commission, and for other purposes; to the Committee on Commerce.

By Mr. AUSTIN:

S. J. Res. 297. Joint resolution authorizing a stay in the deportation of certain aliens; to the Committee on Immigration.



By Mr. BARKLEY:

S. J. Res. 298. Joint resolution to authorize the acquisition of a suitable frame for the painting of the signing of the Constitution to be used in mounting said painting in the Capitol Building; to the Committee on the Library.

#### HOUSE BILLS REFERRED OR PLACED ON THE CALENDAR

The following bills were severally read twice by their titles and referred, or ordered to be placed on the calendar, as indicated below:

H. R. 9525. An act to provide for the reorganization of the government of the District of Columbia; to the Committee on the District of Columbia.

H. R. 9656. An act to authorize the acceptance of donations of property for the Vicksburg National Military Park, in the State of Mississippi, and for other purposes; to the calendar.

H. R. 10406. An act to authorize the appointment of graduates of the Naval Reserve Officers' Training Corps to the line of the Regular Navy, and for other purposes; and

H. R. 10438. An act to extend the age limits for applicants for appointment as midshipmen at the United States Naval Academy; to the Committee on Naval Affairs.

#### SUPPORT OF PRESIDENT ROOSEVELT BY ALBERT H. LADNER

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD a newspaper article under the heading "Ladner supports Roosevelt—hits Wilkie on draft," which appears in the Appendix.]

#### EXPANSION OF LENDING AUTHORITY OF EXPORT-IMPORT BANK

The Senate resumed the consideration of the bill (S. 4204) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Mr. DANAHER. Mr. President, I should like to ask the Senator from New York [Mr. WAGNER], in charge of the bill, a few questions. I wish to invite his attention to the bill before us calling attention particularly to page 3, lines 10 to 12, inclusive. In those lines it is stated that the purpose of this bill is "to assist in the development of the resources, the stabilization of the economies, and the orderly marketing of products of the countries of the Western Hemisphere." In so stating the purpose of this bill, does not this mark a definite departure from the powers hitherto granted to the Export-Import Bank?

Mr. WAGNER. I should say it broadens its powers somewhat.

Mr. DANAHER. Does the Senator, to pursue the inquiry made at the time we were discussing it yesterday when we were interrupted, know what plans may have been developed for "the stabilization of the economies" of the countries of the Western Hemisphere?

Mr. WAGNER. No; as I stated yesterday, I know of no fixed plan, and I do not think there is a fixed plan or blueprint. The question as to what is to be done, and under what circumstances it is to be done, I suppose will arise in practice if the Congress grants this power to the Export-Import Bank to make this type of loans. Applications will be made, and then they will be reviewed by Mr. Jones, the Administrator, by the State Department, by the Agriculture Department, by the Treasury Department. They will determine whether or not the applications are within the terms of the bill and whether they should be granted, whether they are in the interest of the national defense, in the interest of unity among the respective countries, and, of course, to the advantage of our own producers.

If it is a matter of export or marketing, I can visualize a situation in which there may be a surplus of a commodity in some one of the Latin American countries, or perhaps in more than one, which if thrown upon the market at distress prices might have a serious effect upon our own agricultural products which we sell in foreign markets. In such a case it may be desirable, in order to protect our own agricultural producers, to aid the orderly marketing of that surplus, and only for that purpose.

Mr. DANAHER. Mr. President, I invite the Senator's attention to the fact that when Chairman Jones testified be-

fore our committee, on page 15 of the report, we find that he was asked whether or not there was some general plan or idea as to how we were to stabilize the economies of South American countries, develop their resources, and achieve the orderly marketing of their products; and Mr. Jones answered:

We ask for a half billion dollars to be available to do things that might appear to the administration—the President and the Secretary of State, and other officials of the Government—to be desirable.

In short, there is no plan, as the Senator from New York has said. Consequently, it amounts, does it not, to our saying: "Here is a half billion dollars with which the Export-Import Bank is to do whatever may seem desirable to further the stated objectives of the bill." Does it not boil down to that?

Mr. WAGNER. Yes; it does, as we do every day in legislation we enact. We have to give somebody power to act as the circumstances and situation confronting us require; and particularly in an emergency situation of this kind we have to have faith and confidence that the officials who are in charge of our activities will do what is for the benefit of the United States, and not do something destructive of our interests.

Mr. DANAHER. Let me ask the Senator another question. The bill before us, if enacted, will repeal the saving clause or protection which we hitherto wrote into the Export-Import Bank legislation by wiping out the restriction of \$20,000,000 on loans to any one country. Is not that so?

Mr. WAGNER. Yes.

Mr. DANAHER. So that if it seems advisable to those in charge, in whom we place faith and confidence, there is no restriction upon their lending the entire \$500,000,000 to one country, is there?

Mr. WAGNER. Of course, we can conjure up all sorts of impossible situations.

Mr. DANAHER. Oh, yes.

Mr. WAGNER. But I do not think anybody would be so bold as to suggest that Mr. Jones, in charge of this matter, would lend \$500,000,000 to one particular enterprise in some Latin American country. We must assume that these men are going to do the thing sensibly and soundly, as they have done heretofore. Mr. Jones' record is, I think, a very commendable record both for enterprising and for conservative financing; and I think the country, and I am sure Congress, is willing to trust him.

Mr. DANAHER. Mr. Jones is entitled to our very great confidence, and I applaud his endeavors. I respect and regard him very highly. Do not mistake me at all. When the Senator says, however, that Mr. Jones is to do these things soundly, there being no statement of the objectives sought to be achieved or the manner in which they are to be achieved, if the Congress sets no yardstick, it comes down to this: We are taking a half billion dollars of American money, turning it over to persons in whom we are to repose confidence, and saying to them, "Do whatever you choose to achieve the objectives that we set out." Is not that so?

Mr. WAGNER. No; I think the Senator is not making a correct statement. We are setting out objectives in the bill, just as we set out objectives when we originally authorized the incorporation of the Export-Import Bank. Those powers were very general. They were not restricted. Under that authority I think everybody will concede that the Export-Import Bank has done a marvelous job, if I may say so, in helping our industrialists and our farmers to export their products by the use of the facilities of the Export-Import Bank. It has been done so well that large sums have been used for that purpose. There has not been a single default in any of the loans made to the Latin American countries. On the contrary, to date over 3-percent profit has been made on all of the bank's transactions. I think that is a commendable record.

Mr. DANAHER. Let me say to the Senator from New York that the function of the Export-Import Bank under powers previously granted to it, to which the record referred to by



the Senator applies, is by no means the power conferred by this bill; quite the contrary. This bill contemplates loans to countries already in most instances in default to us, whereas the original measure contemplated facilitating exports by American exporters, so that we were actually lending money to American corporations and American firms, and the Government was taking their paper in cases in which individual banking concerns did not or could not take it. Is not that the fact?

Mr. WAGNER. The fact is that this bill broadens the powers of the Export-Import Bank; and I tried yesterday to state the reason for it. It is a very obvious reason—that we are trying to expand our own trade opportunities, and at the same time to aid the Latin American countries in their economic difficulties, rather than abandon them at a time when economic chaos may very well drive them into the Axis camp. Yesterday I gave a number of instances of the activities of Nazi groups in Latin America; Nazi elements are gradually seeking by economic and other means to control the political instrumentalities of the different governments.

Mr. DANAHER. Is that what we are trying to do, Mr. President?

Mr. WAGNER. Are we trying to do what?

Mr. DANAHER. To control the political instrumentalities of the South American Governments.

Mr. WAGNER. We are not trying to do that. Among other things, we are trying to help protect the Latin American countries against those activities on the part of others.

Mr. DANAHER. In other words, we would extend our political control instead of allowing some other country to extend its political control? Is that it?

Mr. WAGNER. Of course, the Senator may say what he likes. Way back in 1823 President Monroe stated that we were going to protect this hemisphere against invasion, or the introduction into those countries of foreign systems of government; and we felt that we took that position not only for their protection but for our own protection and defense. Now a new method of foreign penetration has arisen, by insidious means, first by getting economic control, and then, as a result of that economic control, imposing Nazi philosophy upon the governments of the Western Hemisphere.

Mr. DANAHER. Mr. President—

Mr. WAGNER. One moment, and then I will let the Senator make his own speech. I am talking about realities, not conjectures.

Consider the situation in the Balkan countries today. Every one of them now is controlled by the axis, and every one of them has been so controlled by gradual steps. Take the case of Yugoslavia—

Mr. DANAHER. Mr. President—

Mr. WAGNER. Will not the Senator permit me to answer him? I want at least to conclude my sentence.

Mr. DANAHER. Very well.

Mr. WAGNER. Take the case of Yugoslavia. In 1934, I think, they were in great difficulties. Agricultural surpluses had accumulated to a point where there was grave economic distress in the country. The Nazi government came along and gave them for their agricultural commodities prices 25 to 30 percent above the world market. Then, after saving the situation, the Nazi government gradually came in, step by step, and exacted more and more economic conditions. Yugoslavia lost its other markets because it had to deal exclusively with the Nazi government instead of with its former customers. The Nazis then used their economic control to destroy competing local industries.

We do not want to have those things happen in this hemisphere. I think it is fair, from that standpoint, to help the Latin American countries; and in the long run it will be greatly to the advantage of our economy to make small, judicious loans to aid them to rehabilitate themselves, and to make them better markets for our products.

The Senator remembers that at the Habana Conference not very long ago a resolution was adopted providing for mutual aid, economic as well as political. It seems to me that if we abandoned them now in this critical time we would

be repudiating an agreement reached at a conference when all the 21 Latin American republics were present and subscribed thereto.

Mr. TAFT. Mr. President, will the Senator from Connecticut yield?

Mr. DANAHER. I yield.

Mr. TAFT. Does the Senator from New York consider that that agreement has the force of a treaty without it having been submitted to the Senate or in any way having received the consent and advice of the Senate? Does the Senator say we now are bound by an Executive agreement, and that therefore we must pass this bill in order to effectuate that agreement, which never was submitted to the Senate?

Mr. WAGNER. Does the Senator believe we should not help the Latin American countries in this critical time?

Mr. TAFT. As usual, the Senator entirely avoids my question. I will explain later to what extent I think we should assist them. I am asking the Senator whether he thinks we are bound by an agreement which was not submitted to the Senate of the United States, which, in my opinion, was a treaty, and should have been submitted, and now is used as an argument by the Senator as to why we should pass this bill.

Mr. WAGNER. I believe we should help the Latin American countries in conformity with a resolution adopted at a conference where all the 21 countries of the Western Hemisphere were represented. That is my view about it.

Mr. DANAHER. Mr. President, let me ask the Senator from New York how the South American countries will repay any loans which we may make to them, other than through exports to us?

Mr. WAGNER. The way they have been doing it up to date.

Mr. DANAHER. That is through exports.

Mr. WAGNER. They have exported their commodities to our country and they have received sufficient credit as a result of such exportations to pay their debts. I have stated several times that the Export-Import Bank has been financing these transactions, and to date there has not been a single default. They have paid their indebtedness. Furthermore, the Export-Import Bank made a profit of 3 percent on all its transactions.

Mr. DANAHER. Mr. President, let me first respond to the Senator from New York by pointing out that when he takes the instance of the Balkan countries and what happened to them, he is predicting precisely what will happen as the result of this proposal, for Great Britain undertook to do this very thing for the Balkan countries. So long as she continued to furnish them with loans they were enabled to do business with her; but the moment she withdrew from the business of paying for her own exports those countries collapsed, and that is precisely what will happen in the case of the South American countries if we continue this policy. So the instance the Senator from New York gives is wholly invalid as an argument upon which to predicate his conclusion with reference to this bill. Quite the contrary, it supports the opposition, who have predicted that precisely that ill and evil result will follow should the Congress enact this legislation and follow out the line of the argument of the Senator from New York.

Let me go one step further and point out that Mr. Jones has told us that the reason defaults have not occurred up to date is that the maturities have not yet expired, the result being, of course, that things are written into the future. The maturities will come along in due course. Mr. Jones has testified as to the matter on page 20 of the Senate hearings.

Let me point out to the Senator, when he says that they will pay us in the future the way they have in the past, that this may be an appropriate time to call attention to the way they have paid us in the past.

Argentina today has outstanding loans from American investors to the amount of \$233,000,000, in round figures, only \$20,000,000 being in default, however.

Bolivia has \$60,000,000 and is entirely in default.

Brazil has \$356,000,000 and is entirely in default.



Chile has \$182,000,000 and is entirely in default.

Colombia has \$146,000,000 and is in default for all but \$3,000,000.

Costa Rica is in default for \$8,000,000, her entire commitment.

Cuba took \$125,000,000 and still owes us \$42,000,000.

Ecuador took twelve million and still owes us twelve million.

Guatemala took five million and still owes us three million.

Haiti took eight million and still owes us eight million.

Mexico took two hundred and seventy-three million and still owes us two hundred and seventy-three million.

Panama took seventeen million and still owes us seventeen million.

Peru took eighty-five million and she is in default for the whole amount.

Uruguay took fifty-six million and still owes us five million. Mr. President, if we could not buy the goodwill of the South American countries on the basis of the hundreds of millions of dollars, reaching into the billions, we have already loaned to them, on what basis does the Senator expect we will be able to buy their goodwill in the future in pursuance of this good-neighbor policy?

Let me say to the Senator from New York that if he says we are bound, as a result of the Habana conference with the 21 South American republics, to enact the proposed legislation, we should also consider the fact that only on October 8, 1939, we entered into a convention with the very same countries at Panama. We agreed with them at that time that not any one of the respective countries would send out armed vessels to become part of the complement of a belligerent in the present war. We did that in furtherance of our common neutrality objective. But the first country to send vessels out in violation of the convention we adopted was the United States. So, if that is the type of argument the Senator from New York chooses to rely upon in support of this type of legislation, then I submit that, too, is as invalid as the other contentions he has offered.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. NORRIS. I should like to ask the Senator a question in connection with the figures he has just given. Do they represent the indebtedness owed to the Government of the United States, to the Export-Import Bank?

Mr. DANAHER. No.

Mr. NORRIS. It is debt due to individuals and corporations?

Mr. DANAHER. Investors; yes. Let me say to the Senator from Nebraska that, of course, the Export-Import Bank in all respects, although the Government, through the R. F. C., will own its capital, stands in the relation of a private dealer with reference to these very countries. That is one of the iniquities of the bill.

Mr. NORRIS. I am trying to ascertain whether the loans which have been made, as the Senator has stated, came in any way from the Export-Import Bank.

Mr. DANAHER. No.

Mr. NORRIS. Or whether they are merely investments made by American citizens and corporations.

Mr. DANAHER. They were private loans, made through the floating of bonds and other securities in this country, and their sale to private investors in this country. Of course, they were bonds of the South American countries.

Mr. LODGE. Mr. President, will the Senator from Connecticut yield?

Mr. DANAHER. I yield.

Mr. LODGE. Due to being detained in meetings of the Finance Committee, which has been sitting for so many days, I have not been able to hear all the debate, and I should like to ask the Senator whether there is anything in the pending bill which provides that these funds shall be used for the development of products such as tin and rubber, and kindred products, which are advantageous to the United States, and which we now have to obtain from a great distance.

Mr. DANAHER. I will answer the Senator by calling to his attention the fact that in line 10, page 3, we read as one of the purposes—

To assist in the development of the resources \* \* \* of the countries of the Western Hemisphere.

Let me answer the Senator further by saying that when Mr. Jones, in charge of all this business, was before our committee, he told us candidly and frankly that they had no plan whatever; that they did not know how they were going to operate; that they did not know just what they would do. They said:

Make \$500,000,000 available to us, and if we see a plan which to us seems feasible, then we will be enabled to effectuate it.

No doubt the development of the resources of these countries might very properly include the development of supplies of tin, antimony, and other products not indigenous to our country.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. TAFT. I should like to explain to the Senator from Massachusetts that the amendment which I have offered, and which is now the pending question, restricts the purpose of the act and provides—

Such loans shall only be made for the purpose of assisting in the development of resources which are defined by the President as strategic and critical materials \* \* \* not produced in the United States in appreciable quantities and which are required for use in the United States.

In other words, that seemed to me the only valid purpose of the bill, and the amendment which I have offered intends to limit the proposed law to that one purpose.

Mr. LODGE. I am much obliged to the Senator from Ohio. That is what I wanted the Senator from Connecticut to discuss, that there is one compelling thought so far as relates to anything being advantageous to the United States, insofar as developing certain resources so much nearer home is concerned. The point that has always struck me is that if we want to bring about the development of some strategic and critical materials which we do not produce in this country, we can develop a program designed especially for that purpose, and deliberately and concretely follow it up, and not adopt a broad, general scheme which has many other ramifications. That is the point I wanted to have the Senator discuss.

Mr. DANAHER. The observation implicit in the remarks of the Senator from Massachusetts is perfectly sound and valid. In part we attempted to do that when we adopted an amendment submitted by the Senator from Arizona to the R. F. C. law. The Senator will remember that we added to the capital and resources of the R. F. C. in order to make possible the development of sources of raw materials in this country, and that, no doubt, would include Alaska.

To answer the Senator from Massachusetts, if we had before us a scheme for the development of natural resources through American capital, through American corporations, whether in Alaska or in Mississippi, or in other States of this country, or in South America, it would be in furtherance of a very definite and a very worthy objective.

Mr. LODGE. The Senator has not made a completely negative approach to this question at all.

Mr. DANAHER. No; quite the contrary. I am trying to discuss the argument of the Senator from New York and show that he purports to base his argument on the splendid literary effort which we heard yesterday afternoon. He himself called it evidence, but it was not presented before our committee at all. If Senators will read the RECORD of yesterday's proceeding they will find that the Senator from New York introduced much matter which never was in our contemplation, which never was submitted to us. No facts in connection with the subject were gone into at all, and, quite the contrary from being evidence, it was an argument being offered by the Senator from New York. I feel that the argument is invalid in many particulars, some of which I am seeking to explore, and

one of which I point out is that there is no plan before us for the development of these resources or for the stabilization of our economies. Consequently that phase of the matter must be left to some persons—I do not know whom, but Mr. Jones intimated that it might be the President, the Secretary of State, and the other officers of the Export-Import Bank—who can take \$500,000,000 of American money and do anything they choose with it.

Secondly, the Senator from New York talked about orderly processing of surpluses, so to speak. In other words, he hints vaguely that there will be a surplus of cotton and a surplus of coffee in South America, and apparently American capital will take up those surpluses and take them off the world's markets, and that Brazil, for example, which cannot find a world market for its coffee, will be able to sell its surplus coffee to us.

As I see it, pursuing that idea to its logical conclusion, we shall be obliged to sell the same commodities in due course to the Federal Surplus Commodities Corporation or some other Government unit. If the South American countries sell their surplus commodities to us, then when we sell them, in turn we can only hope to receive payment for them in products. For instance, if we sell to France the South American surplus commodities which we take over, that means that France must import to us manufactured products in payment, which, in turn, will result in our American manufacturers and American labor being obliged to compete, in their manufacture of products, with products which are brought into this country in payment for the surpluses in question, which, for example, may be coffee which we take from Brazil, and for which we pay in American money, through the Export-Import Bank, with no restrictions and no control by the Congress; in fact, as the Senator from New York has admitted, without even a plan before us.

Mr. VANDENBERG. Mr. President, will the Senator from Connecticut yield?

Mr. DANAHER. I yield.

Mr. VANDENBERG. I am under the same disability the Senator from Massachusetts [Mr. LODGE] has indicated he is under, having been tied completely in the Finance Committee for 10 days on the pending tax bill.

Mr. DANAHER. If the Senator will permit me to interrupt him for a moment, I will say to him that even if he had been present in the Banking and Currency Committee he would not have heard the argument and the facts presented there which he heard stated by the Senator from New York [Mr. WAGNER]. The Senator from Michigan has not missed anything by not having been present at the hearings in the Committee on Banking and Currency.

Mr. VANDENBERG. I can assure the Senator from Connecticut that, if he had been in the Finance Committee and tried to probe the imponderable mess we are dealing with, he would be equally in the dark regarding everything.

Mr. DANAHER. I was not there, and yet I must say I am confused.

Mr. VANDENBERG. I want to explore one suggestion which I heard the able Senator from New York discussing as I entered the Chamber. I heard him describe a process by which the Balkan states were aided through the introduction of foreign capital for the purpose of lifting their agricultural surpluses off the market at a substantial price above the world level. Is that contemplated by the funds which are proposed to be made available by the pending measure?

Mr. DANAHER. Let me answer the Senator from Michigan in this way, that if it is, it was never explained to the Committee on Banking and Currency, and I attended its hearings. Let me say further to the Senator from Michigan that if that is the contemplation, it is born of the argument offered by the Senator from New York, which in turn, I take it, represents the views of those who will undertake to administer the funds in question.

Mr. VANDENBERG. Will the Senator allow me to ask the Senator from New York whether it is contemplated to lift agricultural surpluses in South America with these funds and subsidize them at prices above world levels?

Mr. WAGNER. Mr. President, there was no such suggestion made before the committee, nor have I heard any such suggestion made anywhere. The only point that Mr. Jones made, as I recall, and which has been generally stated, is that there may come an emergency situation—there is not any specific case before us now—where the dumping of those surpluses on the markets of the world might seriously affect the agricultural commodities which we export to the same markets. We may want to aid these countries as well as to protect our own agricultural commodities from that terrific drop in the market, and the resultant depression. We may not be able to afford complete protection to our own agriculture, but certainly, under the circumstances, we should try to help our own agricultural interests as well as to prevent chaos in Latin American countries, with resulting diminution in their ability to buy our goods. If some limited help can be afforded under loans proposed to be made, I think they should be made.

Mr. VANDENBERG. Mr. President, as I entered the Senate Chamber I heard the Senator from New York describing the process by which the Balkan states were aided for a time, through external financial help, to take their agricultural surpluses at prices above world levels. Was the Senator indicating that as a sample of the type of thing which is to be done under this bill?

Mr. WAGNER. No. I was giving an example of Nazi activities, which consisted first in penetrating a country by economic methods in order to secure control of the economy of the country, and when that was accomplished, superimposing their political philosophies.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. VANDENBERG. I ask the Senator to withhold his request for a moment.

Mr. WAGNER. Of course, I do not suggest that we adopt any such plan.

Mr. VANDENBERG. I understood the Senator was describing the Nazi process, and that he drew the conclusion that we had to fight the devil with fire, and that that was one of the methods which would be available to us under the provisions of the bill.

Mr. WAGNER. There is nothing in what I suggested which would justify the Senator from Michigan in drawing that conclusion.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. TAFT. I should like to read to the Senator from Michigan what the Senator from New York said yesterday in the Senate. He said:

I have here an item from the Washington Post of August 2. It is headed "Coffee and sugar skid to new lows as war piles up United States surplus." It goes on to give figures which spell tragedy for the people of the American republics—85 cents a hundred pounds for sugar, 5½ cents a pound for coffee. So it goes for most of the main products of our neighbors to the south.

Then his argument is that we should extend loans and boost those prices exactly as he said Germany did in Yugoslavia in recent years.

Mr. VANDENBERG. I thank the Senator from Ohio for his exhibit.

I wish somebody would shed a few tears about the effect of the sugar depression upon several hundred thousand American farmers who are caught in the same terrific depression, a portion of which is produced by our own American sugar policy.

Mr. JOHNSON of California. Oh, well, that would be outrageous.

Mr. REED. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. REED. I should like to ask the Senator from New York a question. The Senator from New York referred to the fear he had, if I correctly understood him, that the situation in South America might be reflected in lower prices for American agricultural exports. Did I understand the Senator correctly?

Mr. WAGNER. Yes.

Mr. REED. Very well. The greatest items of export of agricultural commodities from the United States are cotton



and wheat. Aside from agricultural products, we export a great deal of oil. Does the Senator from New York mean to say that we are going to help the export of cotton and wheat from South America, when we are now paying a subsidy for the export of American cotton and wheat, raised by United States farmers, which is the only way we can get into the world markets?

Mr. WAGNER. The Senator from Kansas did not do me the justice of listening to all I said. I said that the Export-Import Bank might well act if the drop in prices of the surplus commodities of Latin American countries affected adversely the sale of our products in foreign markets, and then we would be justified in doing something to stop the fall of prices of our own commodities.

Mr. REED. With the permission of the Senator from Connecticut, may I ask the Senator from New York another question?

Mr. DANAHER. I yield.

Mr. REED. Let us suppose the United States of America, with the taxpayers' money, undertook to raise above the world price level the price of cotton and wheat produced in South America. We would virtually have to buy it and bring it here, and we already have a surplus of those commodities. The Senator from Michigan [Mr. VANDENBERG] has pointed out that we raise a part of the sugar we use, and that the American sugar producer is suffering from the depressed price of sugar in the same way as the sugar raiser of South America.

If the amendment proposed by the Senator from Ohio were adopted, and the use of this money were limited to the development of critical and strategic materials, or other things in South America which we do not produce in the United States, and in which we can trade, a different picture would be presented. But as I understood the statement made yesterday by the Senator from New York, to a part of which I listened—and I agree with the Senator from Connecticut that he made a beautiful literary effort—I am unable to follow the soundness of his statement now as to dealing with South American surpluses of commodities with respect to which we have our own surpluses. We are under great difficulty in moving our own surpluses into foreign markets. Every Senator from a cotton-producing State knows of the tremendous accumulation of cotton in this country which we should be glad to move. Are we to finance the movement of cotton from South America into the world market in preference to our own? Are we to finance the movement of wheat from South America into the world market when we have a surplus of wheat in this country which we have to subsidize in order to get into the foreign market?

Mr. WAGNER. The Senator himself has made a fine literary effort, so I return the compliment. However, the Senator is ignoring the point I made, and his argument does not in any way touch the suggestion I have made, that if the authority shall be exercised at all, it will be to protect our own agricultural products in foreign markets. If the circumstances are such that by loans we can produce such a result, the power will be exercised; but I think the power certainly ought to exist.

Mr. REED. Mr. President, I happen to come from one of the important agricultural States, producing one of the main agricultural surpluses; and I am unable to follow the argument of the Senator from New York to the effect that the plan he proposes would protect our agricultural surpluses. In my opinion his plan would do nothing except to dissipate \$500,000,000 of American money throughout South America.

Mr. DANAHER. Mr. President—

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. DANAHER. I yield for a moment. I wish to conclude.

Mr. BARKLEY. Will the Senator yield for one observation?

Mr. DANAHER. Very well.

Mr. BARKLEY. Does not the Senator from Kansas think it would be to the advantage of American producers of wheat, corn, and other products which are exportable, if by any system of cooperation between the United States and the countries of South America those countries were better enabled to hold their own products off the market, rather

than to dump them on the world market and drive prices down, the effect of which would be reflected upon our own products?

Mr. REED. Let me ask the Senator from Kentucky if he thinks it could possibly help us to build up surpluses of wheat or beef in Argentina, or coffee, which heretofore has been burned, in Brazil?

Mr. BARKLEY. I am not talking about building up surpluses of corn, wheat, and coffee. However, I do not see how coffee comes into competition with anything produced in the United States.

Mr. REED. I grant that it does not.

Mr. BARKLEY. What I am talking about is creating economic cooperation between our country and South America which will make it possible for South American countries to hold off the market their own products which are now surplus and feed them to the market at a time when they can be absorbed, rather than to dump them on the market and thereby drive down the world price, so that our own prices in the world market would fall.

Mr. REED. The distinguished Senator from Kentucky does not come from a great cotton-producing State, although it produces some cotton.

Mr. BARKLEY. My State produces considerable cotton.

Mr. REED. However, the Senator from Kentucky is thoroughly familiar with the cotton situation.

Mr. BARKLEY. Kentucky produces more cotton than does Kansas.

Mr. REED. That is correct; but not so much wheat.

Mr. BARKLEY. Not quite.

Mr. REED. One of the troubles in marketing American cotton is the competition with Brazil. Brazil is expanding her production of cotton. She is one of our principal competitors.

I shall not take the floor from the Senator from Connecticut; but if the proposal before us is to take \$500,000,000 and distribute it among the South American countries in such a way that it will never be repaid, we should frankly say so. If the Senator from New York, in charge of the bill, or whoever is responsible for it, will frankly say so, that is one thing; but when any Senator undertakes to say on the floor of the Senate that this plan has even remote possibilities of assisting in disposing of United States agricultural surpluses, or protecting the prices at which we export, the argument is so fantastic as to be beyond the bounds of reason.

Mr. DANAHER. Mr. President, briefly in conclusion, I feel that the argument offered by the Senator from New York wholly fails to sustain the objectives declared in the bill. I feel that the bill itself is deficient in that it gives the Congress no plan. There is no opportunity for the creation of a yardstick by which to measure and gage the activities which are to be carried on under it. I notice that it removes a very salutary provision which the Congress hitherto has put into the Export-Import Bank law, namely, that there shall be no loan in excess of \$20,000,000 to any country. The bill contains no limitation whatever on the exercise of the authority of the Administrator.

Above all, Mr. President, let me call attention to something unique—or perhaps I should say that by this time it has lost its uniqueness and has become a customary device. It will be recalled that last year we had before us a so-called self-liquidating projects bill. Efforts had been made to double the capital of the Export-Import Bank, and the Congress had rejected the proposal. We had a self-liquidating projects bill, and when we got through we discovered that we had increased the capital of the Export-Import Bank.

In January, when we came back, we discovered a bill introduced by the junior Senator from Michigan [Mr. Brown], the title of which indicated that it was a bill to aid Finland. However, when we got through with it we found that we had doubled the capital of the Export-Import Bank, increasing it from \$100,000,000 to \$200,000,000, and we had struck out any semblance of reference to Finland. There was no aid to

Finland inherent in the bill. The fact is that it was a pure subterfuge to double the capital of the Export-Import Bank.

We now have before us a program to increase the capital of the Export-Import Bank from \$200,000,000 to \$700,000,000 and to extend the life of the Corporation for several more years. The fact of the matter is that this particular proposal has nothing whatever to do with the original purpose of the Export-Import Bank. The plan under which the bank was authorized and chartered in the first place, according to the statement of purposes prepared by the bank itself under date of June 15, 1938, was as follows:

The object and purpose of the Export-Import Bank of Washington (hereinafter called the Bank) is to aid in financing and to facilitate exports and imports and the exchange of commodities between the United States and any of its Territories and insular possessions and any foreign country or the agencies or nationals thereof.

In furtherance of said objects and purpose, the bank is authorized to do a general banking business; to purchase, sell, negotiate, and discount, with or without its endorsement, notes, drafts, bills of exchange, acceptances, including bankers' acceptances, cable transfers, and other evidences of indebtedness, and, with the approval of the Secretary of the Treasury, to borrow money and rediscount notes, drafts, bills of exchange, and other evidences of debt; to purchase and sell securities, including obligations of the United States or any State thereof, but not including the purchase with its funds of any stock in any other corporation; to accept bills or drafts drawn upon it; to issue letters of credit; to purchase and sell coin, bullion, and exchange; to lend money; and to do and to perform the necessary functions permitted by law to be done or performed in conducting such enterprise or business.

Hitherto, an exporter or importer made application to the bank for credit. He wrote directly to the bank in Washington, or applied through his own commercial bank, setting out the amount of credit he desired, the proposed terms of payment, the name of the foreign country to which the export would go, the name of the purchaser, the security for the proposed credit, and similar items, which any sound banking institution would require. However, the bill does not contemplate any such activity; quite the contrary. It enables the United States, with untrammelled discretion, to engage in the political penetration of other nations without any limitation whatever, under the guise of stabilizing the economies of other nations, when we cannot stabilize our own.

The bill states its purpose to be—

In order to assist in the development of the resources, the stabilization of the economies, and the orderly marketing of products of the countries of the Western Hemisphere.

We have not succeeded in bringing about an orderly marketing of surpluses even within our own boundaries.

To recur to the reference of the Senator from Massachusetts [Mr. LODGE], the bill would undertake to "assist in the development of the resources." That is, *eo nomine* it would; in terms, it is so stated. However, there is no plan of action. There is no outline of the scope of the objective or plan, or the extent to which it would go. So it seems to me that once more we find a bill which purports to have an allegedly valid objective, undertaking almost—shall I say secretively?—to accomplish some very different result. It is part and parcel of the type and pattern of thing which has come before the Congress month in and month out. In my opinion, the bill should be defeated.

Mr. CLARK of Idaho. Mr. President, will the Senator yield?

Mr. DANAHER. I yield to the Senator from Idaho.

Mr. CLARK of Idaho. I think the able Senator from Connecticut will concede that in the nature of things we could not write a plan into a bill any more than we could write into the bill the individual loans to be made in the future. I supported the bill in the committee, and I intend to support it in the Senate. It occurs to me that we could no more put a plan in a statute than could a group of stockholders, in forming a bank, tell who their customers for loans would be.

Mr. DANAHER. The Senator from Idaho is a most able and respected member of the Committee on Banking and Currency; but when he and the Senator from Arizona desired to have the Reconstruction Finance Corporation Act amended in order to permit loans to small mining corporations and mining units to explore lodes, engage in develop-

ment, and otherwise to seek out gold, tin, and other supplies of raw materials, some of which were critical and strategic materials necessary for our defense, he ably supported and sustained his presentation. However, he had a plan. He had a basis, because he tied his plan in with the Reconstruction Finance Corporation, with respect to which there is a method for gaging how much money will be utilized, for what purpose, and under what circumstances. Will not the Senator from Idaho concede that every proposal which he advanced in that connection was logically and properly tied in with a plan?

Mr. CLARK of Idaho. No plan was written into that statute. We developed the plan in precisely the same manner in which the plan is proposed to be developed in connection with the pending bill. The bill to which the Senator refers authorized the Reconstruction Finance Corporation, under proper regulations, to make loans to small mining companies for development. I think there was an amendment offered which restricted those loans to critical and strategic materials. I understand that is the purpose of the amendment of the Senator from Ohio, and it may be they should be so restricted. I have not determined what I shall do on the amendment of the Senator from Ohio.

Mr. DANAHER. The Senator knows, if he will pardon me, that the R. F. C. restrictions are imposed by law, and that certain standards of operation have been created, does he not?

Mr. CLARK of Idaho. I do not know of any standards in the statute; that is all done by regulation.

Mr. DANAHER. Does the Senator not know that the very amendment which he offered contained an outline of the circumstances under which loans could be made?

Mr. CLARK of Idaho. I think not. I think there was no attempt to write departmental regulations into the statute.

Mr. DANAHER. In any case, let us leave it in this way, that we differ slightly in our recollection as to the intent, scope, and verbiage of the Senator's language, but this much we are agreed upon, that at least the Senator did not come here with a bill to increase the capital of the R. F. C. and to permit untrammelled discretion as to the development of the resources of any country. Is not that correct?

Mr. CLARK of Idaho. That is correct. Of course, Mr. Jones was very candid before the committee, as the able Senator from Connecticut so well recalls. He said in the nature of things he could not have a plan. He said that first he had to have the funds available. He did give us certain specific instances. I think he mentioned that negotiations were under way with a foreign country to build a steel plant within its borders; that they were raising a part of the capital and that he intended, under proper circumstances, to advance a sufficient amount more to enable them to construct the steel plant. There was reference also, I believe, to a possible tin smelter, and then there was considerable reference made to certain loans which might be made to aid in the orderly marketing of agricultural products. Those things will have to be considered when they arise. I have followed with attention the Senator's argument, but I think he has over-emphasized the lack of a plan, because a plan cannot be formulated until the money is available, until it is known what it is we want to do under certain individual circumstances.

Mr. DANAHER. The Senator knows that in the case of the control of the surplus situation in our own country we outlined a plan; we created a Federal Surplus Commodities Corporation, did we not?

Mr. CLARK of Idaho. Yes; but I do not think, if the Senator will permit me, that there is any intent to buy up agricultural surpluses in South America.

Mr. DANAHER. Let me point out to the Senator from Idaho that he is overlooking the fact that one purpose of the bill is to assist in the orderly marketing of the products of the countries of the Western Hemisphere. We have commonly heard that term as used in this country, explained. I think, according to the Secretary of Agriculture, "orderly marketing" is the taking of surplus products off the market. That is precisely what it has meant and what it has come to mean,



and yet we do not undertake to say how America's \$500,000,000 are going to be used in South America in anyway whatever. Does the Senator concede that there is a complete lack of plan in that particular? We impose the plan upon our own country, but none upon the South American countries?

Mr. CLARK of Idaho. I will concede that the language is quite broad, but if I had thought there was going to be anything in the nature of a cartel, or a gigantic scheme to buy up surpluses, I would be as opposed to this measure, as is the Senator from Connecticut. But my understanding was—and I think it is fairly clear from the testimony of Mr. Jones—that these loans were going to be made individually, to individual banks or to individual countries, under certain circumstances, for different and, perhaps, unrelated purposes. Does the Senator find anything in Mr. Jones' testimony before the committee that would indicate a scheme to organize a cartel to undertake in some broad way to buy up the surpluses of South America?

Mr. VANDENBERG rose.

Mr. DANAHER. I will answer the Senator's question briefly before yielding to my colleague from Michigan.

Mr. President, let me say that there has been far too much done already in the trend of this very broad legislation, to adopt the Senator's words. "Broad" is no word for it; it is limitless. The fact of the matter is that there is nothing about it to indicate that there will not be a cartel plan or any other device that someone in Washington decides to employ. When we find that the Attorney General can write an opinion to the effect that the President can dispense with the Congress in dealing with extraterritorial jurisdiction of territory not even within our control and possession, I hesitate to think what he will do under a plan that authorizes him to enter into political manipulation of countries without there being some limitation created by the Congress as to how the \$500,000,000 is to be spent. Moreover, I believe the \$500,000,000 is a down payment on perpetual grief.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. VANDENBERG. I should like to pursue the inquiry under the recent discussion a step further. There seems to be no way to tell what the plan is. I am wondering if there is any way to tell what the plan is not? That is of equal concern to me. The Senator from Idaho has been discussing the cartel idea. As I read the newspapers, when this proposal was born, it was born in connection with the cartel program to mobilize all agricultural surpluses of North and South America and sustain them on credit from the United States Treasury.

Mr. DANAHER. That is correct.

Mr. VANDENBERG. Then I read that the plan under exploration had been abandoned, which was certainly a concession to common sense. I want to know if it has been abandoned or whether this bill in its ultimate scope would permit the original cartel idea to be pursued.

Mr. DANAHER. Let me say to the Senator, in the first place, news leaked out of the Habana Conference to the effect that the cartel plan had been abandoned, but we certainly could not expect, the way things are going, the Senate to know what is going on or what the facts are or whether the treaty negotiated at Habana binds us to anything, when it has not been submitted to the Senate. We lack the background, and therefore I cannot answer the Senator's question. I suspect, however, that we are reliably informed, as we usually are, by the press that the cartel plan was rejected at Habana. I hope it was.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. WILEY. I should like to express a few ideas and get the Senator's reaction to them. I first mention the fact that the bill itself does not suggest any plan, but I think it is generally conceded that the bill itself is in pursuance of a plan. What is that plan? We all know that while, in one sense, we are not at war, in another sense, we are engaged now in a

great commercial war, as is conceded by those in control of affairs in Washington. It may be said that Germany is attempting to take over the control of South America. Let us see what that implies. It implies that she is penetrating South America commercially; and, perhaps, if she should overrun England, she would penetrate South America politically, attempting to make the countries there her colonies.

We know that the products South America raises are practically all in competition with the products we raise, and, as suggested by the Senator from Kansas [Mr. REED], we are in no position to continue to buy up those products. Yet, in view of the fact that Germany needs the products South America produces, in view of the fact that when the war is over, all Europe will need what South America produces, it seems as if we have engaged or are about to engage in some kind of a commercial war that may prove very dangerous to our future welfare. Here we are entering by a side door the cartel plan of Mr. Wallace. Let us watch our step.

It was suggested a few months ago that we should get a strangle hold on South America, so that we could stop Germany from entering South America and obtaining control of conditions there. The cartel plan has apparently been abandoned, but has it? I am interested in knowing the truth.

If we provide the additional \$500,000,000 to be loaned to South America in furtherance of the defensive program—and I know that the proponents of the bill are serious in saying that we must do that in order that Germany may not get control, the question is whether next year there will not be another \$500,000,000 needed.

What we should do, as I see it, is to understand this plan, get a grasp on what this thing really means, and then decide our course. Is it an entering wedge, as suggested by the distinguished Senator from Connecticut, not only for an attempt to take control of all the economics of South America, but because they are Latin Americans, also to take control of the politics of South America? The question is, Where are we taking the United States of America? Where are we taking the economy of the United States? Where are we taking our own land so far as safety is concerned?

Mr. President, the situation is serious. It calls for serious consideration of all the future contingencies. A step taken now may prove very disastrous.

What are our responsibilities under the Monroe Doctrine in view of the changed world conditions?

Is America going to attempt to regulate produce in South America? Our investments therein so far have been unprofitable. Let us pause and do some thinking before we take this step.

I have talked to some of the statesmen whom I call New Dealers, and they are sincere in the belief that in order to protect the United States we must economically and practically politically put our money into South America.

We must think this thing through. My mind is confused. I do not know where we are going to end if we follow this course. I do not know in which direction we are going; but I say that if we do take over the productivity of South America we shall be taking over and getting in abundance goods which we produce here. So I should be very much in favor of the amendment of the Senator from Ohio [Mr. TAFT], under which, if we are to provide this additional power to Mr. Jones, it shall be used to produce things which are essential to our defense, and which we cannot produce in this country. I should like, however, to have the reaction of the Senator from Connecticut to the idea I have mentioned.

Mr. DANAHER. Let me say to the Senator from Wisconsin that I am about to conclude, and I shall be more than happy to hear further exposition of his views in due course. Briefly, however, making reply, let me say that there were not submitted to the Banking and Currency Committee any plans. There was not submitted to us any outline of the scope of the intended operations. We do not know whether or not there are German business houses in Brazil, or in the Argentine, or in any of the South American countries. We do not know whether or not there is Nazi infiltration, and, if so, to what

amount and to what extent. We do not know the type of competition they are likely to offer to us. We do not know the facilities of Brazil or any other South American country to acquire German products, whether under a barter system or any other.

Remember, I keep using the terms "German" and "Nazi" simply for the reason that the Senator from New York [Mr. WAGNER], as he argued for the bill, pointed out that part of his plan at least, and what he has in mind, is to defeat any possible infiltration into South America in competition with us from German sources; and I take it from the remarks of the Senator from Wisconsin that that is what he, too, had in mind. So I must say to him that there were no such ideas submitted to us, and no evidence concerning the matter. Had there been, I have not any slightest doubt that intelligent consideration could be given to whatever the problem might be as thus presented. But so far as the committee are concerned, all of us stand on whatever we happen to know from the newspapers or from any other sources, and that is all that we had before us. With that sort of thing, it seems to me the argument bogs down; that it will not sustain the claims made for the bill by the Senator from New York.

In conclusion, I am in favor of giving the Export-Import Bank \$500,000,000 more to enable American exporters to export their products to South America or anywhere else in competition with the exporters of Germany or any other country. I am perfectly willing to have credit facilities made available to American exporters on whatever basis our own authorities decide is right and proper; but in that instance we shall be dealing with an American entity over which we have control and to which we may properly make loans.

In other words, the matter of an increase in the capital of the Export-Import Bank, the exigencies of the international situation being what they are, is by no means the touchstone in this process; not a bit of it. What is being offered to the Senate and to the country under this bill is something far different and with implications far beyond our present imagination, since we do not even know what the authorities are going to try to do under the bill.

For those reasons I certainly shall support the amendment of the Senator from Ohio [Mr. TAFT]. I also believe that unless the bill is remedied in several other particulars it should be defeated.

Mr. TAFT obtained the floor.

Mr. LODGE. Mr. President, will the Senator yield to me? Mr. TAFT. I yield.

Mr. LODGE. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Russell
Andrews	Downey	La Follette	Schwartz
Ashurst	Ellender	Lee	Schwellenbach
Austin	George	Lodge	Sheppard
Bailey	Gerry	McCarran	Smathers
Barbour	Gibson	McKellar	Stewart
Barkley	Gillette	Maloney	Taft
Bilbo	Green	Mead	Thomas, Idaho
Brown	Guffey	Miller	Thomas, Okla.
Bulow	Gurney	Minton	Thomas, Utah
Burke	Hale	Neely	Townsend
Byrd	Harrison	Norris	Tydings
Byrnes	Hatch	Nye	Vandenberg
Capper	Hayden	O'Mahoney	Van Nuys
Caraway	Herring	Overton	Wagner
Clark, Idaho	Hill	Pittman	Walsh
Clark, Mo.	Hughes	Radcliffe	Wheeler
Connally	Johnson, Calif.	Reed	White
Danahey	Johnson, Colo.	Reynolds	Wiley

The PRESIDENT pro tempore. Seventy-six Senators having answered to their names, a quorum is present.

Mr. TAFT. Mr. President, I listened with interest to the statement of the Senator from Connecticut [Mr. DANAHAY] that no plan was presented, and that there apparently is no definite plan as to what this \$500,000,000 is to be used for. But I think it is fairly clear that the principal purpose of it is to provide for the lending of money on agricultural commodities of which there may be a surplus in South America. I do not think there can be any doubt about that. The bill

itself probably states the broadest purpose in the lending of money ever stated in any act which has been submitted to this body:

To assist in the development of the resources, the stabilization of the economies, and the orderly marketing of products of the countries of the Western Hemisphere.

If any broader purpose could be stated, I do not know what it would be, unless we extended the authority to all the countries of the world. Just think of today undertaking the job of stabilizing the economies of every country in Central America and South America. Think how we have failed to stabilize our own economy. Think how tremendously difficult it is. Think how the goal is one which is impossible of accomplishment, and how any conceivable means might be used under the terms of the bill.

The bill increases the lending power of the Export-Import Bank by \$500,000,000. It takes off the limitations formerly imposed on loans to any one country. It takes off the limitation which up to this time has prohibited the Export-Import Bank from lending money for the export of arms, ammunition, and implements of war. As originally submitted to the Committee on Banking and Currency, it repealed the Johnson Act and repealed the Neutrality Act, so far as loans of this kind were concerned. As originally submitted to the Committee on Banking and Currency, it also increased the borrowing power of the R. F. C. by an indefinite amount. I have great confidence in Mr. Jones, but my experience with legislation which he sponsors is that he puts no limit whatever on his power, and the pending bill, as originally submitted, authorized the R. F. C. to borrow any amount of money whatsoever which might in any way be necessary in connection with national defense. Incidentally, the House has passed a bill somewhat like the one before us which does repeal the Johnson Act and does repeal the Neutrality Act, so far as the making of this kind of loans is concerned.

There is a general idea that loans under the bill could be made only to countries in the Western Hemisphere. That is not true. Loans might be made to any country in the world to which the Federal Loan Administrator chose to lend money if it would assist the stabilization of the economy or the orderly marketing of the products of the Western Hemisphere. In other words, we could lend money to China to finance the sale to China of agricultural commodities produced in South America.

I do not know what is going to be done with the House bill, but the House bill, in addition to this \$500,000,000, authorizes the R. F. C. to borrow another billion dollars and to lend another billion dollars, in addition to all the great power it already has.

The purpose of the bill presumably is that stated by the President in his message to Congress sending the bill to the Congress, and that message, which is a matter of record here, apparently indicates that the only real purpose of the bill is to authorize the lending of money on agricultural surpluses of commodities produced in South America.

Reading the message, the President refers to the fact that—

All American republics in some degree make a practice of selling, and should sell, surplus products to other parts of the world.

Because of the war, he states, the ordinary channels of trade have been interrupted, and—

Necessarily this has caused distress in various parts of the New World and will continue to cause distress until foreign trade can be resumed on a normal basis and the seller of these surpluses is in a position to protect himself in disposing of his products.

The President continues:

I, therefore, request that the Congress give prompt consideration to increasing the capital and lending power of the Export-Import Bank of Washington.

He said further:

I call the attention of Congress to the fact that by helping our neighbors we will be helping ourselves. It is in the interests of the producers of our country, as well as in the interests of producers of other American countries, that there shall not be a disorganized or cutthroat market in those commodities which we all export.



I disagree entirely with the President's conclusions. But the only purpose the President states in submitting the bill to Congress is that he may acquire power to lend money on agricultural surpluses for use in South America. That is the only purpose the President has, and so far as I can see, we can conclude that if the bill is enacted the great bulk of this money will be used to finance the holding of surpluses of agricultural commodities produced in South America.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. TAFT. Certainly.

Mr. VANDENBERG. I notice that the usual qualifying phrase which has appeared in all previous lending bills for the Export-Import Bank, namely, the one requiring adequate security, seems to be missing from this text. Is that correct?

Mr. TAFT. The Senator is entirely correct. There is absolutely no requirement, so far as I can see, that any particular attention shall be paid to the question of security in connection with the lending of this \$500,000,000.

Mr. VANDENBERG. So that the word "loans" as used in this connection, and particularly in the connotation suggested by the agricultural analogy, might suggest that these loans will ultimately be in the nature of gifts.

Mr. TAFT. I would think certainly they are not loans because in making loans in this country we have adopted the policy of lending in excess of the market price on cotton and corn and various other products, and presumably loans on these surplus products would be made also in the same manner.

Mr. VANDENBERG. In other words, we are now lending on wheat at 10 or 12 cents more than the market price of wheat, and the same latitude would be permitted to the Export-Import Bank in dealing with South American surpluses if it wished to proceed in that fashion. Is that correct?

Mr. TAFT. I think that is entirely correct. What I have said concerning the President's statement might be applied to the Secretary of State. The Secretary of State made a statement at the conclusion of the Habana Conference in which he also laid particular stress upon his belief that we should lend money on agricultural surpluses. He said:

Surpluses of commodities, the exportation of which is essential to the economic life of the American republics, have accumulated and continue to accumulate because Europe at war is unable to absorb them. Their existence is a matter of serious concern throughout the Continent.

That is the first of the only two purposes he states. The other is:

In addition, we must envision the possibility that, after the termination of hostilities, many important European markets for these commodities may be directed and controlled by governments which regard international commerce as an instrument of domination rather than as a means of enabling all nations to share fully and on a basis of equality in a mutually beneficial exchange of their surplus products.

The resolution on economic cooperation adopted by the Habana meeting is designed to create and set into operation machinery of action to deal with and meet both of these situations.

The Habana meeting specifically instructed the committee to proceed at once with the preparation of detailed plans for cooperative temporary handling and orderly marketing of existing and prospective surpluses. \* \* \* The committee was also instructed to devise methods of increasing consumption in the American republics, through relief and in other ways, which would aid in the disposal of surplus commodities.

So that under the bill—and apparently it is one of the things the Secretary contemplates—we can loan money to Argentina to enable her to put in a stamp plan to dispose of Argentina's corn to Argentine consumers, but the United States will pay the whole cost of putting such a stamp plan into effect.

It is a system of economic defense under which the American Republics will be prepared to trade with any nation willing to meet them in good faith, in a spirit of friendly and peaceful purpose, and on a plane of frank and fair dealing, and under which they will be fully equipped to protect themselves against any other kind of dealing.

In other words, if we think the Germans are not offering proper terms, or doing right in dealing with Argentina, then we take the surpluses off Argentina's hands. That seems to be the deliberate purpose of the Habana Conference and the so-called act of Habana.

It is rather interesting that the act itself carries out very largely the same language which the Secretary of State has used, and finally affirms this rather broad purpose—

And to recommend that, in order to promote the economic development of the American nations under the terms of said resolution, each nation, upon its own initiative and in consonance with the program of the Inter-American Development Commission, establish appropriate enterprises with Government or private capital provided by two or more American republics.

I venture to say that when there are two, the United States will always be one, and that all the money and capital which will be provided will come from the United States.

Such enterprises may deal directly with the Inter-American Bank or other official or private credit institutions, it being recommended that the said bank give its sympathetic consideration to the possibility of granting them financial aid.

I should like the Senator from New York to tell me, if he can, what the Inter-American Bank is. There has been a great deal of discussion about it. I have seen references to it in the newspapers. It was to be a large two-billion-dollar bank, for which the United States, of course, shall put up nearly all the capital. There have been frequent rumors that a charter for such a bank is to be submitted to the Congress of the United States, but it never has been submitted to the Congress of the United States. Yet there seems to be such a bank, because the act of Habana refers to the fact that this program may be carried out through—

The Inter-American Bank or other official or private credit institutions, it being recommended that the said bank give its sympathetic consideration to the possibility of granting them financial aid.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. TAFT. Surely.

Mr. VANDENBERG. I should like to make an observation at this point in connection with the Senator's recent statement. As a Member of the Senate, and certainly as a member of the Senate Foreign Relations Committee, I would be greatly aided in my consideration of some of the pending legislation, similar to that now before us, much of which apparently is based upon the agreements at the Habana Conference. I should like respectfully to say that I should be greatly aided in my own legislative duties if the State Department would at least file the Habana agreements with the Senate for its information, even if it does not want the Senate's advice and consent.

Mr. TAFT. I might say, Mr. President, in that connection, that it is rather interesting that this act of Habana, which I hold here in my hand, has attached to it certain reservations of some other nations. For instance, the Colombian delegation votes affirmatively to sign the Act of Habana and the declaration concerning reciprocal assistance—

Subject to approval by my Government and to the constitutional norms of my country.

Also the Venezuelan delegation signs the act with the statement that it is subject to ratification—

By the public power of the nation in accordance with its constitutional provisions.

But the United States assumes to sign the act without any reference whatever to the Senate, apparently without any consideration of the provision of the Constitution which requires treaties to be ratified by the Senate of the United States.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. TAFT. Surely.

Mr. WAGNER. I have been just informed that while my attention was otherwise taken the Senator from Ohio stated that he wanted to ask me about the Inter-American Bank.

Mr. TAFT. Yes; I should like to know what it is. I have not been able to find out whether the bank was chartered and in existence or not.

Mr. WAGNER. It is not yet in existence. The plan is being worked out, but the bank is not yet a functioning entity.

Mr. TAFT. So the references in the act of Habana that—

Such enterprises may deal directly with the Inter-American Bank or other official or private credit institutions, it being recommended that the said bank give its sympathetic consideration to the possibility of granting them financial aid—

Are references to a nonexistent institution, a bank which does not exist in any way?

Mr. WAGNER. I will say to the Senator from Ohio that the bank is not yet in being?

Mr. TAFT. There is no officer of any such bank, in the Senator's opinion?

Mr. WAGNER. I know of none.

Mr. TAFT. I might say on this question of the ratification of the treaty of Habana, that it is rather interesting to see what the Senator from New York said yesterday—

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. THOMAS of Oklahoma. I do not think the RECORD should rest with the statement made by the Senator from New York. An investigation will disclose that a treaty has been prepared involving and suggesting and providing for the creation of the Inter-American Bank. Of course, that treaty cannot be binding upon the United States until it shall have been submitted to the Senate, and have been ratified, but there is a proposed treaty in existence. I am not prepared to say definitely, but I am under the impression that some nations have ratified the treaty, and it is in existence, and is ready for submission to the Senate at the will and the option of the persons who have it in charge.

Mr. TAFT. Does the Senator know whether there is any person acting as an officer of the nonexistent bank?

Mr. THOMAS of Oklahoma. There can be none until the treaty shall have been ratified by the Senate. We cannot participate in the matter any further than to agree to the terms of the treaty, and have it approved and ready for submission. That part is completed, and the treaty, so I am advised, is ready for submission to the Senate for approval.

Mr. TAFT. I wonder if some of the nations which have ratified the act have set up a bank somewhere which we have not yet heard about?

Mr. THOMAS of Oklahoma. No; they have not. The United States cannot take part in its establishment until it has come into existence. It is obvious that we shall furnish the major part of the capital. The treaty provides that other nations may become members of the bank by subscribing a certain percentage of the stock of the bank. The amount thereof is fixed. I have a copy of the purported treaty, but it is not at my desk.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. VANDENBERG. Does the Senator say that it is to be developed in treaty form rather than in this new method of Executive agreement which avoids the necessity of Senate advice and consent?

Mr. THOMAS of Oklahoma. I cannot answer that definitely, but it is my impression that such an institution, in order to have a valid existence, and to be furnished with the necessary capital, must be created under a treaty which must be submitted to the Senate for ratification, thus giving validity to such bank.

Mr. VANDENBERG. I think the Senator from Oklahoma is correct in that statement, but I have had the same illusion about other things.

Mr. TAFT. Mr. President, with reference to the Act of Habana, now that we have been discussing it, I think the statement made by the Senator from New York yesterday is interesting. He said:

This summer, at Habana, the good-neighbor policy bore fruit in a series of far-reaching measures.

I do not know what a "measure" is, unless it is something that has more or less legal effect—

The conference resolved that "any attempt on the part of a non-American state against the integrity or inviolability of the territory, the sovereignty, or the political independence of an American state shall be considered an act of aggression" against all the signatories. This establishes—

No matter what we do—

a policy of common defense and mutual assistance, now reinforced by the bases we have leased from Great Britain and made available to all the American republics. The conference also set up machinery for the provisional administration of foreign possessions threatened with transfer of sovereignty.

If that statement means anything, it seems to me to mean a defensive alliance among all the nations of this continent. If that is not a matter which should be submitted to the Senate, then I do not understand what the Constitution provides. If the Senator from New York considers that we are bound now by a policy of mutual defense, if the Senator considers that if we go into these bases we are then obligated to admit all the other South American nations which desire to send planes to the same bases we are going to appropriate for, then it seems to me we are entirely evading the constitutional restrictions on the treaty-making power of the President of the United States.

Mr. VANDENBERG. Mr. President, will the Senator yield further?

Mr. TAFT. Surely.

Mr. VANDENBERG. Of course, I agree with the Senator's conclusions, but even if there be disagreement as to whether or not the Habana Conference produced treaties or agreements, at least I respectfully submit that we in the Senate are entitled to be officially informed of what has happened, so that we may at least have an official text before us, which we might consult, so as to be at least casually informed regarding the responsibilities which the Constitution used to put upon us.

Mr. TAFT. Mr. President, in that connection, the only information the Senate has had, so far as I know, as to the making of these bases available to other South American nations, is the matter contained in the speech of the Senator from New York yesterday. I should like to know whether he can tell us on what terms these bases are made available to South American countries? Are they to participate in the expense of building them? It occurs to me that unless they are very valid restrictions we might find neutral nations, or nations whose governments are unfriendly to us, insisting upon the occupation of our bases, thus to a large extent nullifying the effect of the acquisition of the bases. Can the Senator tell me whether or not there is an agreement, or upon what terms the bases are to be made available to South American republics?

Mr. WAGNER. All I can say is that the bases have been acquired not only for our own use but for the defense of the entire Western Hemisphere—the countries to the north and south of us as well as ourselves.

Mr. TAFT. As the Senator from Michigan [Mr. VANDENBERG] says, I think the Senate should at least be informed of the terms upon which the bases are to be made available; and I suggest to members of the Appropriations Committee that before we appropriate any money for the construction of such bases the Senate should approve the terms of whatever agreement may be made with reference to the use of the bases.

Mr. President, I have digressed from the particular point which I wanted to make in discussing the act of Habana. It is very clear that the main purpose of the sponsors of this legislation is that of lending money on surplus agricultural commodities in South America. It has nothing whatever to do with the original purpose of the Export-Import Bank, which was to finance American exports and promote the export of American products. It has very little, if anything, to do with the development of the resources of South America,



or the development of strategic and critical materials in South America. I think that purpose was entirely an afterthought with Mr. Jones when he appeared before the Banking and Currency Committee. The President says nothing about it; the Secretary of State says nothing about it; and it seems to me there is an entire lack of regard for this best use of possible loans to South America.

I have proposed an amendment which limits the use of the money to two purposes—one, the original purpose of lending money to finance American exports; the other, assisting in the developing of resources which are defined by the President as strategic and critical materials, or of resources and materials which are not produced in the United States in appreciable quantities, and which are required for use in the United States.

In the long run we can hope to export our goods to South America only to the extent that we take goods from South American countries. They produce a large number of things which we cannot take. We produce them in more than sufficient quantities. However, they also produce other things; and to the extent that we can increase the production of rubber or tin in South America, or other things that we want to take, we can in the long run increase our exports to South America. In the long run, that is the only way in which we can increase our exports to South America.

In normal times I do not think the Government ought to engage in that activity. I think private capital could be interested in doing so in normal times; but today possibly conditions are such that private capital cannot do it. So I see a reasonable purpose behind the idea of lending money to help South American countries to develop materials which they can sell to us, and which we need. My amendment would permit those two purposes, and no other purpose. It would not permit the purpose stated by the Senator from New York, by the President, and by the Secretary of State, of lending money on agricultural surpluses and building up some vast cooperative enterprise to hold American agricultural surpluses off the market.

The original purpose of the Export-Import Bank was short-term financing. It was to help American exporters get their goods out as fast as possible, and turn them over as rapidly as possible. I think that was an absolutely sound purpose; but it has been largely neglected, because the purposes of the bank have been turned more and more to political considerations. Last year the bank adopted the new policy of making longer-term loans of all kinds to governments, instead of merely financing the normal courses of private trade. Even then, the bank said, "We will make such loans only to the extent that we can finance the export of American products. When the borrowers receive the money, they must pay it out for American exports." That has been the policy of the Export-Import Bank up to this time. Now we face a complete departure in policy. The proposal now before us is something new. It is just as new as though the proposal were for an entirely new bank, an entirely new project, authorizing the making of loans for political purposes and for the vast, vague economic purpose known as the stabilization of the economies of the countries of South America.

Mr. VANDENBERG. Mr. President, will the Senator further yield?

Mr. TAFT. I yield.

Mr. VANDENBERG. It seems to me that one of the difficulties in proceeding upon the rather amazing adventure which the Senator is now describing is the fact that when we once start upon this sort of enterprise there is no end. When we sink our first \$50,000,000 south of the Equator, and make our first down payment on good will, there is no way to sustain our right, title, and interest except by a continuous series of subsequent payments; and the appetite feeds upon itself. I can give the Senator an example.

For the past 7 years our domestic sugar policy has been built entirely on the theory that we must aid Cuban sugar. There will be no dispute about that. Is that policy now adequate to satisfy the Cuban appetite in respect to our down payment on good will? Not at all. At the Habana Conference,

to which the Senator has referred, a very distinguished Cuban seriously proposed to the American delegation that it ought to go back home and obtain an appropriation to buy up all the domestic sugar production facilities in the United States and put them out of business permanently for the benefit of Cuba.

I suggest to the Senator that the problem we have before us is not merely the initial down payment on good will. In its lengthened shadow it may double the existing deficit of the United States; and that certainly would be an astronomical figure.

Mr. TAFT. Of course, the Senator is correct. It is alleged that we must do this, as the Senator says, to buy good will. We buy it only so long as the loans are being made. The moment we stop we not only have not bought good will but we immediately create bad will, and we are worse off than if we had never begun making any loans at all.

Yesterday the distinguished Senator from New York referred to the increase in South American trade from \$200,000,000 of exports in 1932 to \$633,000,000 in 1939, and gave the impression that the Export-Import Bank was an important factor in that increase. As a matter of fact, the trade with South America is still very much less than it was all through the twenties. I have the figures before me, and I ask unanimous consent that the table be printed in the RECORD as a part of my remarks at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*United States exports and imports to Latin America*

Year	Exports to—		General imports from—	
	Southern North America	South America	Southern North America	South America
1916.....	\$311, 137, 000, 000	\$220, 267, 000, 000	\$418, 277, 000, 000	\$427, 610, 000, 000
1917.....	422, 398, 000, 000	311, 893, 000, 000	452, 858, 000, 000	598, 819, 000, 000
1918.....	425, 238, 000, 000	302, 710, 000, 000	516, 955, 000, 000	610, 931, 000, 000
1919.....	545, 842, 000, 000	441, 748, 000, 000	657, 609, 000, 000	687, 525, 000, 000
1920.....	944, 345, 000, 000	623, 917, 000, 000	1, 048, 045, 000, 000	760, 999, 000, 000
1921.....	529, 146, 000, 000	273, 325, 000, 000	417, 217, 000, 000	295, 623, 000, 000
1922.....	332, 203, 000, 000	226, 075, 000, 000	455, 930, 000, 000	358, 763, 000, 000
1923.....	425, 661, 000, 000	269, 318, 000, 000	583, 169, 000, 000	467, 421, 000, 000
1924.....	456, 165, 000, 000	314, 252, 000, 000	593, 108, 000, 000	466, 074, 000, 000
1925.....	479, 714, 000, 000	402, 606, 000, 000	521, 742, 000, 000	518, 797, 000, 000
1926.....	428, 797, 000, 000	443, 507, 000, 000	526, 067, 000, 000	567, 979, 000, 000
1927.....	407, 720, 000, 000	438, 159, 000, 000	500, 959, 000, 000	518, 275, 000, 000
1928.....	397, 195, 000, 000	480, 815, 000, 000	460, 743, 000, 000	569, 410, 000, 000
1929.....	433, 590, 000, 000	539, 310, 000, 000	467, 159, 000, 000	639, 758, 000, 000
1930.....	348, 574, 000, 000	337, 509, 000, 000	347, 356, 000, 000	433, 518, 000, 000
1931.....	187, 094, 000, 000	158, 691, 000, 000	239, 930, 000, 000	307, 190, 000, 000
1932.....	119, 216, 000, 000	96, 589, 000, 000	157, 107, 000, 000	200, 902, 000, 000
1933.....	126, 026, 000, 000	114, 048, 000, 000	127, 116, 000, 000	202, 280, 000, 000
1934.....	178, 048, 000, 000	161, 701, 000, 000	160, 721, 000, 000	228, 958, 000, 000
1935.....	201, 789, 000, 000	174, 341, 000, 000	201, 409, 000, 000	281, 472, 000, 000
1936.....	225, 155, 000, 000	204, 222, 000, 000	237, 247, 000, 000	291, 505, 000, 000
1937.....	321, 068, 000, 000	318, 354, 000, 000	283, 045, 000, 000	422, 026, 000, 000

Mr. TAFT. The figures show that as long ago as 1917 our exports to Latin America were more than \$730,000,000, whereas today they are only about \$633,000,000. From that time they steadily increased. In 1920 they reached one and a half billion dollars. Through the period of the twenties—1924, 1925, and 1926—they were in the neighborhood of \$800,000,000 or \$900,000,000. That was at a time when the present good-neighbor policy was not in effect, but at a time when we carried on the normal relations of trade with South America.

So the restoration of this trade, or a part of it, is not in itself an extraordinary feat. Furthermore, as the Senator pointed out, the Export-Import Bank has made loans of \$62,000,000 in the past 5 years to help the development of South American trade. The total exports to South America during those 5 years were \$2,400,000,000. So the Export-Import Bank actually financed 2½ percent of the South American trade.

Our trade with South America depends on the encouragement of private enterprise. The original purpose of the Export-Import Bank to help private enterprise in this field was a worthy purpose, and can help; and yet in the long run we can increase our trade with South America only by the development of private industry rather than through Government loans.

The proposed loans are to be made to governments and to central banks, or on the guaranty of governments and central banks. In spite of the general feeling that we must approve anything the moment a defense label is attached to it, it seems to me it is our duty to examine and analyze every proposal on its merits. It is our duty to determine whether or not the method proposed is really a method to help the defense of the United States.

This is a wide-open request for authority to lend money for any purpose to South American nations. It may be loaned for military defense. I do not know whether or not we should finance the export of arms to South America. There have been instances in which we have financed or delivered war material, only to find later that it was being used against us. That might well be so in the case of some South American nations. The proposed loans may be used for the control of surpluses, for the inauguration of stamp plans, or for any purpose.

So far as being a defense project is concerned, I should like to refer to two editorials, one from the New York Times and the other from the New York Herald Tribune. Both newspapers differed with my position on the conscription bill. Both are for total defense, whatever that means; and yet both are extremely critical of the present proposal.

The Times says:

We still do not know the exact purposes for which the new lending power is to be used. A few weeks ago it was announced that the Roosevelt administration had "definitely and completely abandoned" the idea of creating a huge cartel to buy surplus commodities of the Western Hemisphere. As an unnamed high official rightly declared, it would be "ridiculous to think of buying up South American surpluses, because that would only encourage increased production of the same surplus commodities."

Of course, he is correct; but this bill is proposed for the very purpose of doing exactly that thing.

He added that this would further depress our own market. Jesse Jones, Federal Loan Administrator, also testified on August 6: "There is no association between this plan and the plan to take surpluses off the South American market."

The statements of Mr. Jones—

The Times says—

The statements of Mr. Jones with respect to this are ambiguous. In a letter made public this week he declares:

"While it is not contemplated that loans would be made on surplus agricultural commodities, appropriate consideration would be given to applications from some of the governments or their central banks for loans in reasonable amounts that might enable the Government or its banks to assist their nationals in the carrying and orderly marketing of some of their agricultural surpluses, with a view to avoiding demoralized prices that would affect our own farmers."

The comment of the Times on Mr. Jones' remark is certainly justified. The Times says—

In other words, while it is not contemplated that loans would be made on surplus agricultural commodities, it is contemplated that loans would be made on surplus agricultural commodities.

The Times goes on—

Such a policy, once embarked upon, could lead to limitless commitments. There is no reason why explicit limitations and safeguards cannot be written into the bill.

There is not the slightest doubt in my mind that the loaning of money on agricultural commodities is the purpose of the authors of the bill.

I will not undertake to read the entire editorial from the New York Herald Tribune; its conclusion is the same as that of the New York Times; but I quote in part:

It is obvious that occasions may arise when direct subventions from the American Government may be desirable as the only effective way of accomplishing a necessary objective. But the readiness of the administration to toss away hundreds of millions of dollars at home without a thought of the consequences, together with the notorious failure of the Government's attempt to help the needy by buying up surpluses, make it incumbent on the proponents of this plan to convince the Nation that this vast sum will be effectively and efficiently used and will not simply go down the rat hole.

Mr. President, the amendment I offer is intended to eliminate the lending of money on agricultural surpluses and to eliminate the vague cartel plan and confine the lending of money to the proper purposes of the Export-Import Bank.

The minority of the Banking and Currency Committee has filed a minority report, which will be found on the desks of Senators. It was signed by the Senator from North Dakota [Mr. FRAZIER], the Senator from Delaware [Mr. TOWNSEND], the Senator from Colorado [Mr. ADAMS], the Senator from Iowa [Mr. HERRING], the Senator from New Hampshire [Mr. TOBEY], the Senator from Connecticut [Mr. DANAHER], and myself. It sets out the arguments against the bill. In the first place, I think it is perfectly clear that the bill is unconstitutional, although that is not a matter that much concerns the Senate these days, and it has not even always concerned the courts. Many crimes have been committed in the name of the general-welfare clause. It is said that we can borrow money and spend money for the general welfare of the people of the United States, but I have never heard the general-welfare clause extended to apply to the general welfare of the inhabitants of Patagonia. How we can constitutionally raise taxes in order to pay out money for the stabilization of the economies of other nations, for the general welfare of people in any part of the world, I do not understand. We have just as much obligation here in the Senate to abide by the provisions of the Constitution as has the Supreme Court of the United States, or any official of the United States Government.

The whole policy of surplus control, in my opinion, is not only futile but absolutely harmful not only to our own citizens but to the citizens of every South American republic, to assist whom we are asked to pass this bill. Surplus control is certainly of doubtful value. We have tried it. With us it is still an experiment. Nobody knows whether it will be a complete failure; nobody knows whether it will break down all prices, and cause a depression greater than any depression we have ever had.

We have already in this country appropriated a billion and a half dollars for the Surplus Commodities Corporation to buy up agricultural surpluses. The Surplus Commodities Corporation today has most of its money invested in agricultural surpluses. It owns or controls 8,732,000 bales of cotton; it owns or controls 532,000,000 bushels of wheat; it owns or controls 44,000,000 bushels of corn; and nobody knows how the Corporation will ever get rid of those surpluses. When that policy is extended to international surplus control, it is infinitely more unsound and infinitely more difficult to carry out. What possible means of carrying it out can there be? If we make a treaty or an agreement with a dozen South American countries, what will happen if they are all hard-pressed and someone comes along and says, "We will take your products"? What is to prevent them from breaking their agreement? What possible means of enforcing such an agreement can we have? The moment one nation becomes hard-pressed and says "We have got to get some cash," of course, the nation next door will do the same thing, and the whole scheme comes down in a crash. The result of every cartel, every holding of surpluses off the market, up to this time, has been ultimately to break the whole price of the commodity concerned.

We saw that in the Stevenson plan to control rubber; we saw it in the valorization plan to control coffee in Brazil. When there is an international agreement, particularly between a dozen different nations, each one of which, after all, is free to do as it pleases, the possibility of carrying it out seems to me to be exceedingly remote, to say the least. When the plan collapses, prices will collapse far below the point they would have reached if every year we had gotten rid of the surplus of that particular year.

Our surplus control is, at least, accompanied by some effort to control production, and every person who defends the policy of loans and of surplus control says that it must be accompanied by control of production. How on earth can we make Argentina control her production? The lending of money on Argentina's surplus wheat or corn would simply encourage further production in the Argentine than there would otherwise be, and the building up of larger and larger surpluses, until the whole thing would fall of its own weight. The idea of a surplus control of commodities by international



agreement has broken down every time it has ever been tried, and it is absolutely certain to break down if we try it under the provisions of the pending bill.

The proposed policy would certainly be harmful to our farmers. It is said that if foreign prices collapse that affects our prices also. Of course, foreign prices have collapsed, and, so far as we could be affected, we are affected already. Certainly, a very much cheaper method of disposing of our surpluses is to finance the sale of our products through some form of export subsidy. That plan has worked reasonably well. Certainly it would be very much cheaper than to lend \$500,000,000; and when we adopt it, we know the exact effect; we are able to carry out the disposition of our surplus, and, in effect, the rest of the Nation is assisting the producer to meet world conditions that could not otherwise be met. Why should not the Argentine people help their own producers in the same way? If they want to subsidize their producers, that is their affair. If they want to hold their surpluses off the market, that is their affair. They are able to do it; it does not cost them anything; that is, it does not cost them anything on the theory on which we proceed here of merely borrowing the money from the banks. They can borrow money from their own banks as we borrow from our own banks, and they can hold their surpluses off the market as we hold our surpluses off the market; but, in the name of good sense, why should we lend them money to enable them to hold their surpluses off the market?

The Senator from New York [Mr. WAGNER] yesterday made a statement which I think is of some interest to our producers. He said:

A program of economic cooperation stands to the advantage of all the American nations. The economy of Latin America is in many respects the natural complement of our own. Latin America lies for the most part within the Tropics. The staple export crops of this area—coffee, cocoa, bananas, sugar, and long-staple cotton—

He does not mention short-staple cotton, the production of which is rapidly increasing in South America—

do not compete in any way with our agriculture and cannot be obtained from any other assured source.

Mr. VANDENBERG. Will the Senator yield?

Mr. TAFT. I am glad to yield.

Mr. VANDENBERG. Did I correctly understand the Senator to quote the Senator from New York as saying that Central American and South American sugar has no American competition?

Mr. TAFT. Yes. The words of the Senator from New York are:

The staple export crops of this area—coffee, cocoa, bananas, sugar, and long-staple cotton—do not compete in any way with our agriculture.

Mr. VANDENBERG. Of course, I knew that the administration proceeded on that theory; but I at least, assumed they recognized the existence of the sugar industry in the United States.

Mr. WAGNER. Mr. President, if the Senator will permit me, there is a legal restriction now, in the form of a quota, which controls the importation of sugar into this country. That is what I intended to say with reference to that commodity. I may perhaps have used an unclear form of expressing what I had in mind.

Mr. TAFT. At any event, I think the argument made that we are naturally complementary nations is not one on which a very sound conclusion can be based. Very much the same thing is true of cotton.

Mr. WAGNER. Mr. President, I do not want to interrupt the Senator.

Mr. TAFT. I am glad to be interrupted.

Mr. WAGNER. Does the Senator mean to say that we do not import long-staple cotton into this country?

Mr. TAFT. No; I only said the Senator had omitted all reference to short-staple cotton, the production of which is rapidly increasing in South America, which does compete directly with our cotton, and for which we are now going to loan South American nations money to enable them to

hold that surplus off the market, as we are holding our cotton surplus off the market.

I think it is fair to say that there is no policy as unsound as the policy which apparently is the whole basis of this bill—the attempt to set up an international plan to hold agricultural surpluses off the market.

There is one other purpose stated, and that is that we should uphold the internal economy of the South American countries, because if they have hard times they may have political troubles, and it may be easier for the Germans to get in.

The Senator from New York yesterday said:

By financing the development of certain local industries we can greatly contribute to the stability of economic life throughout Latin America. At the same time the improved living standards in Latin America which would result from a strengthened local industry would increase purchasing power and open immense new markets for our products.

Of course, that argument proves too much. If by loaning a little money we can raise the living standards of South America, we can in the same way raise the living standards of China; we can raise the living standards of all Asia and Russia and every other country; and we can create a great prosperity from which, of course, we also would benefit. However, the trouble is that with \$500,000,000 or \$5,000,000,000 we cannot raise the living standards of people in South America. We have tried our best to improve our condition here, and we have accomplished something by the expenditure of billions of dollars; but we have not eliminated depressions. We have not eliminated hard times. We have not eliminated a great many unemployed. We have not eliminated the necessity of a tremendous amount of relief in this country. Now, however, we are to raise the living standards of everybody in South America. It is a noble purpose, but I say it is absolutely futile. It is something we simply cannot possibly do under any circumstances, and if we undertake to do it we cannot stop at \$500,000,000 or \$5,000,000,000. Why not loan money to everybody in the world? Why not loan money to the countries under German control? They will be benefited just the same as other countries if we raise their living standards. We can undoubtedly increase the general prosperity of the world in that way.

As a matter of fact, the economic condition of each country is within its own control to some extent. The best way in which we can help any country to improve its economic condition is to let it go on in its own way, to advise it as best we may, to set some bad examples, as we have, to show what it should not do, and let it work out its own salvation.

As a weapon against German economic penetration, these loans would be completely futile. The Germans do not make vast loans to any country. That is not the way in which the progress has been made to which the Senator from New York has referred. Loans of this kind encourage the building up of vast surpluses, and thereby make weaker the economic conditions of American countries. When Germany is freed from the occupation of the present war, those countries will be very much weaker against Germany if they have surpluses which they have to get rid of. If they have to get rid of those surpluses, the Germans perhaps can make some terms which otherwise they could not make for political infiltration.

What is Germany going to do to South America? Frankly, I do not understand. At times we are told that because the Germans control so much of the world markets they are not going to pay America anything for its products, and thereby America is going to suffer. We are told that we are jointly to hold all our products away from Germany until they give us a fair price. That is one argument. The other argument is that far from not giving us a fair price, the Germans will give us too much. They will come into South America and say, "We will give you more than the world market. We will take all the surplus off your hands in return for certain political advantages."

I do not know what the Germans may do, and no one knows what they may do, until they are freed from the present

war and have an opportunity to show. When they do, we can adopt the same methods. We can take the same steps that may be necessary to meet the particular kind of German "blitzkrieg," if there is such a "blitzkrieg," at the time we find out what it is.

Frankly, we cannot hope to monopolize the trade of South America. It is absolutely impossible. We are not willing to take more than about one-third of the products produced in South America; and in the long run we cannot sell them any more goods than we are willing to take from them. We cannot monopolize the trade. We must recognize the fact that all European nations are going to deal in South America, and we are going to have to push our own trade just as hard as we possibly can when that time comes.

It is said that the Germans will go to Brazil and say, "We will not take your products unless you give us certain advantages." Well, we can go to Brazil and say, "We will not take your coffee unless you give us certain advantages." We can play the same game that the Germans play. As a matter of fact, there is not any evidence that the Germans' method is going to be particularly successful in political infiltration. The Senator from New York himself yesterday pointed out that the methods the Germans had pursued had so antagonized the people of South America that they had risen up against the idea of German domination. He said:

The subversive activities of the Nazis in Latin America finally led to a great wave of protest from the people of these republics. During 1937 and 1938, Nazi activities were exposed in a documented report to the Argentine Congress by Deputy Dickman. \* \* \* In May 1938, an attempted Nazi revolt in Brazil was put down and measures were taken to put a stop to Nazi expansion. Many other Latin American states at the same time imposed various restrictions on the Nazis.

The question of how we may have to meet Nazi penetration in South America is a question which involves a thousand things, which involves a great many measures which may have to be taken at the time; but, as far as we can see, the one thing that certainly is not going to do any good is to lend anybody any money, because the moment you stop lending people money, as the Senator from Michigan pointed out, they not only are no longer friendly but they are positively unfriendly until you resume the policy of lending.

The same German policy created such intense resentment in Uruguay that the whole Uruguayan public sentiment has turned against German infiltration; so I do not know whether we should use the German methods. It seems to me that if we go ahead and promote our trade in South America by normal methods, if we pursue a "good neighbor" policy, if we keep on a friendly basis, there will be some opportunity for us to make constant headway in the esteem of our South American neighbors.

There are many things we can do. Our main purpose should be to do in detail every little thing we can to help our exporters to South America to be really friendly to South America. We can buy more coffee, for instance, from Brazil and sell it through the food-stamp plan. It can be done. We can insure short-term credits, as Germany does and as England does, in South America. We can reduce steamship rates, which the South Americans think are much too high, for products transported between the United States and South America. We can even perhaps reduce taxes on the profits from export trade. We can develop strategic materials in accordance with the terms of my amendment. I may say that we have already authorized the Department of Agriculture to spend a large amount of money in developing the production of rubber in Brazil, a specific project. I am willing, under this measure, to give general power to the Export-Import Bank to lend money to Brazil or concerns in Brazil to develop rubber plantations. I am willing to lend money to Bolivia to develop tin that we may need. Those are purposes which in the long run will benefit us, because increasing the exports from South America to this country is the only means of increasing in the long run the exports from this country to South America; so in that we have a particular purpose which will improve South American relations.

As a matter of fact, of course, we stand to lose this money finally if we lend it. Our records of loans to governments show that they are just about 95 percent bad. Finland pays its debts. Whether they will be able to continue to do so, I do not know. But practically every other government has defaulted except those to which money has been loaned by the Export-Import Bank during the last few years. So long as we are willing to go on lending to a government, the government is willing to go on paying interest and some amortization on its loans. In the case of Brazil, for instance, as long as they can get more money to release American exchange from time to time, it is easy enough to take some of the money and pay the interest and amortization on the older loan. But we have shown that we are not going to enforce any loan against a government, and there is no possible way to make a government pay a loan. Loans to governments are probably the worst type of credit risk that exists in the world today.

The Senator from Connecticut has referred to South American defaults. I think that out of \$1,700,000,000 owed in this country by South American countries, \$1,200,000,000 is in default. The trouble is that some people think we have in the United States an unlimited amount of money available.

I read from a pamphlet called Total Defense—Report of Committee on Economic Defense of the American Council on Public Affairs. I suspect that this pamphlet was the real origin of the whole theory of lending money on agricultural surpluses and on South American cartels. It came out about the time of the President's message. It contains very much the same language and the same arguments contained in the message. It states the theory I am combating in the bill, because I am sure that it is what the bill is intended to carry through. I wish to quote from the pamphlet. I may say that the American Council on Public Affairs is made up of a good many left-wing economists and others who take the usual extreme economic view. The pamphlet states:

We must arrange for collective bargaining by the countries of the Western Hemisphere in dealing with the totalitarian systems as no individual American country, dealing alone, would be a match for the totalitarian powers in the field of international trade.

In other words, here are 20 nations going to sit around a table and try to make a deal with England to sell their products. They would have each fellow out around the back door making special terms with him, and the chance of an attempt to apply to nations the correct idea of collective bargaining as it is known in labor unions seems to me completely fallacious.

If the United States attempted to outbid Europe in a barter arrangement with a single South American country, it would mean we would have to be prepared to reduce the living standards of American labor to that of Europe. By bargaining collectively within the pan-American economy, we will be able to maintain and raise our standard of living and that of all the American countries, at the same time dealing with Europe to our advantage.

That is the cartel plan.

We should start negotiations at once to use our great financial strength for the purchase of exports of Latin America. These commodities could then be turned over to a pan-American trading corporation which, in turn, would use them to meet the needs of the people of this hemisphere through a circular exchange among the American countries, by direct distribution, or by trading them for desired products in other parts of the world. In fact, it is difficult to see how we can escape a rapid collapse of our influence south of Panama, by any less drastic move. For the moment, we have no power but money, and we have most of the money in the world. If we hesitate to use that power, we may find its value evaporating.

We have all the money in the world, but we run a deficit of \$3,700,000,000 this year, and we are going to run a deficit of over \$6,000,000,000 next year. We cannot get enough money to pay for the very vital essentials of our national defense, we cannot raise money to pay for the ordinary expenses of the Federal Government, but we have so much money that the only thing we can do with it is to scatter it around the world to every nation whose good will we think we can in some way buy.



I read further from this pamphlet:

If we hesitate to use that power, we may find its value evaporating. This action would, of course, be merely a temporary stopgap, and should be accompanied as rapidly as possible by the formation of a permanent pan-American trading corporation. This public corporation should aim to develop a circular trade within the hemisphere, providing a higher standard of living and full employment. The program could be greatly assisted by making loans at nominal rates of interest to develop the industrial programs called for by the pan-American economic plan. Our Government could supply the Inter-American Bank, which is just about to be created by the governments of the Western Hemisphere, with the necessary reserves to finance these investment developments.

That is the real thought behind the bill, a grandiose plan to make everybody happy, to raise everyone's standard of living, to associate all the American republics in one trading corporation which would say to Europe, "You have to pay us what we want for our products." Merely to state the plan shows how completely impossible and impracticable it is. Yet it shows the kind of thinking which has instigated the idea that we can lend money on agricultural surpluses.

We are struggling with a tax bill. I do not know how much it is going to raise. There have been all kinds of estimates. I suppose it may raise \$500,000,000.

Mr. VANDENBERG. About \$300,000,000.

Mr. TAFT. Three hundred million dollars; well, \$500,000,000 a year in later years. By the action we take here today we are merely taking all the money that is supposed to be raised for national defense and dumping it into South America. We are going to use up, under this one measure, what would be raised through the efforts of the Finance Committee to get the country somewhere near a reasonable budget basis.

I am extremely pessimistic about the future of the United States merely because of the financial condition of the country. Unless we are willing to face the situation, unless we are willing to cut expenses, unless we are willing to raise taxes, unless we are willing to get back on a normal basis, I do not see any outcome of the present situation except a collapse of our entire financial system, which would mean the wiping out of all of our savings, which would mean the wiping out of all of our investments, which would mean the destruction of the system which has made America what it is. It would mean inflation, which is just a form of repudiating debts, a form of paying debts by taking all of the money everyone has saved in recent years and pouring it in to pay the debts of the Government. If we ever get to that condition, I do not know how we are going to avoid the very kind of totalitarian status there is in Germany, because we are going to have to set up a hand-made economy and I submit that a hand-made economy is going to be a Government-directed system.

Unless an expenditure is absolutely essential, it is our responsibility to prevent it. We may blame the President, but there is nothing more our own responsibility than the appropriation of public money. If destruction comes to this country, it will be the fault of Congress, of this Congress, and of the Congresses of recent years. It is a responsibility we cannot escape, and it is our duty to examine every bill and every expenditure. Five hundred million dollars looks small to many today, yet it is just as important to save as it is to reduce any other expense of the Government. We should not vote any appropriation unless it is an essential appropriation; and if there is any vaguer, more indefinite, more unnecessary, more unessential appropriation than that authorized in the pending bill, I do not know what it is.

Mr. President, I feel that the bill should be defeated. I feel that if it is not defeated its purposes should be cut down to certain definite things which will not set any precedent, which can be stopped, which can be limited to a reasonable amount.

I urge that my amendment be adopted, and that the bill be otherwise modified.

Mr. VANDENBERG. Mr. President, before the Senator takes his seat, I should like to ask him a question about his amendment. Is he proposing to confine the increased resources to the development of strategic materials?

Mr. TAFT. No. The amendment provides—

Such loans shall only be made for the purpose of assisting in the development of resources which are defined by the President as strategic and critical materials or of resources and materials which are not produced in the United States in appreciable quantities and which are required for use in the United States.

Mr. VANDENBERG. Why would not the Senator also be willing to increase the capital of the Export-Import Bank for the making of loans to exporters in the ordinary procedure which has heretofore been followed?

Mr. TAFT. I think that the effect of the bill as drafted would still permit that to be done. I will examine into that. But my intention was to permit the additional capital, whatever it might be—and if this amendment is adopted I hope it may be cut down to \$200,000,000, instead of \$500,000,000—to permit that to be used also for the ordinary financing of the export of American products. I think that would be the effect, but I will examine the bill and be sure it so provides, or offer an amendment to make it do so.

Mr. VANDENBERG. I wish the Senator would examine the subject, because my feeling about it is that there is a very great purpose to be served through the encouragement of Pan American economy, and I am perfectly willing to do it through sound methods, and I think the methods of the Export-Import Bank heretofore have been sound. I am perfectly willing to expand that effort. I am perfectly willing to go into the field of strategic materials, to which the Senator refers in his amendment; I should like to see the bill have that much breadth and scope. The thing I want to do is to protect myself and the Senate, and the country, and my children against the monstrosity of an international cartel to handle agricultural surpluses.

Mr. ADAMS. Mr. President, will the Senator yield for an inquiry?

Mr. TAFT. Certainly.

Mr. ADAMS. The Senator uses the term "in appreciable quantities." I am wondering whether the word "appreciable" is not rather too diminutive to carry out what the Senator has in mind. I assume what he means is, unless they are produced in commercial quantities, in quantities sufficient to furnish some of the needed supplies of the country.

Mr. TAFT. I should be glad to follow any suggestions the Senator may make. My purpose, I think, was clear. I did not want to exclude the lending of money to develop production simply because somewhere in the United States a small amount of it may be produced, or that somewhere in the United States there exists a field of some particular metal which cannot be expanded, but will always produce a little. That is the purpose of the term "appreciable."

Mr. CAPPER. Mr. President, I cannot support the bill to increase the capital of the Export-Import Bank by \$500,000,000 for the purpose, apparently, of financing South American surpluses of farm products through a cartel plan or some substitute for the cartel.

Of course, I must admit that the bill does not say that, nor did Mr. Jesse Jones say that in his testimony before the Senate Committee on Banking and Currency, so far as I have been able to discover in reading the hearings:

"We would like to help the South American countries with their economy and the marketing of some of their products," Mr. Jones said on page 2 of the Senate hearings.

"In what way will that be done, Mr. Jones?" asked the Senator from Colorado [Mr. ADAMS].

"We do not know in what way, Senator," responded Mr. Jones, for whom, I wish to say, I have a great affection and also great respect.

The remainder of Mr. Jones' testimony is merely a variation of this theme—"We do not know in what way."

Mr. President, I have grave doubt as to the wisdom of furnishing a half billion dollars to be loaned—one should say expended—in what way we do not know.

As a matter of fact, we have been given an inkling as to how the half-billion-dollar fund will be used, and how other

half billions or billions will be used, if the initial investment calls for further investments, as it will.

The White House some time ago announced at a press conference the establishment of a cartel system for handling surplus products of the South American countries.

The idea then expressed, as I understood it at the time, was that in order to prevent Adolf Hitler from getting his tentacles on South America, through trading with South America, through getting foodstuffs and other raw materials from South America, Uncle Sam would buy up and take over those surpluses. To get them we would, of course, outbid Mr. Hitler; we would pay more than he would pay.

Then, having acquired the surpluses, Uncle Sam would have them on hand to sell—to sell to Mr. Hitler, as nearly as I could figure out. To get Mr. Hitler to take them, presumably, we would have to make him a better price than he could get elsewhere. Uncle Sam would buy South American surpluses high and sell them low. The probable cost was estimated at from one-half billion dollars to \$1,000,000,000 annually.

I understand the cartel plan has been repudiated. That does not necessarily mean it has been abandoned. Under the provision of this bill, it could be picked up again and put into operation.

As a matter of fact, it seems to me there is little practical difference between providing for "orderly marketing," as the Senator from New York describes this purchasing of surpluses, through the cartel plan and through financing South American governments to enable them to buy and dispose of their surpluses with the cooperation of the United States Government or its representatives. I understand that is what now is proposed, once the bill becomes law.

So much for the general implications of the bill. I may say that the purchase of the friendship of one government by another government is unsound from the economic standpoint, and unsound politically, in my judgment.

We in the Farm Belt, Mr. President, have even more cogent reasons for opposing this measure. I believe I can state them briefly.

Mostly the nations of South America are agricultural countries. They produce in surplus largely the same farm commodities which the farmers of the United States also produce in surplus—cotton, wheat, corn, meat products.

Our Government today is subsidizing exports of our farm surpluses; it is holding up the domestic prices through commodity loans; it is disposing of surpluses in our country through the stamp plans, through school lunches, through outright gifts to persons on relief. If we should, in addition, now undertake to dispose of surpluses of the same commodities from South American countries, the plight of our own farmers, as well as of the United States Treasury, would indeed be very much worse.

I may add that there are deep suspicions throughout the western cattle section that the price of Argentine cooperation in whatever program might be developed under this half-billion-dollar slush fund for "doing the needful" in South America might be to let the bars down for imports of Argentine cattle and fresh beef and other animal products from the Argentine—after the election.

The measure, Mr. President, is loaded with dynamite in the field of foreign relations and fraught with threats to the future welfare of American agriculture. The American farmer is in need of markets for his surplus products, but he is bitterly opposed to any program which will result in opening American markets to the competing surplus products of South America or any other countries. I must oppose the passage of the bill with all means in my power.

#### INVESTIGATION OF ENROLLMENT METHODS, CIVILIAN CONSERVATION CORPS

Mr. JOHNSON of Colorado. Mr. President, I ask unanimous consent to submit a resolution calling for the investigation by the Senate Committee on Military Affairs of the practice on the part of the Civilian Conservation Corps Director of admitting enrollees on bases other than need. I ask that the resolution be read at the desk.

The PRESIDING OFFICER. Without objection, the resolution will be read.

The resolution (S. Res. 311) was read, as follows:

Whereas the Civilian Conservation Corps was established by the Congress to provide employment for needy unemployed youths; and

Whereas new regulations were issued on August 14, 1940, by the Director of the Civilian Conservation Corps defining the phrase "Unemployed and in need of employment" to cover "unmarried junior applicants otherwise qualified by age, citizenship, fitness, and character; not in attendance at school, nor on temporary vacation therefrom; not possessing other regular or full-time employment, and who need the employment, the job training, the educational and other opportunities available in the Civilian Conservation Corps."; and

Whereas the pay in the Corps is a minimum of \$30 a month plus clothing, subsistence, laundry, travel, education, welfare, hospitalization, shelter, and burial expense, while the Army pay under existing law is but \$21 a month, and under the conscription bill is but \$21 a month for the first 4 months of service; and

Whereas hundreds of thousands of young men are now required in the Army to provide an urgently needed national defense; and

Whereas it is charged that said regulation issued by said Director is not fully supported by provision of law; and that a well-organized campaign for enrollees is being conducted throughout the country which will tend to delay and disrupt our program of national defense: Therefore, be it

Resolved, That the Senate Military Affairs Committee, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation of the above-mentioned matters, and to report to the Senate as soon as practicable, the results of its investigation, together with its recommendations.

Mr. JOHNSON of Colorado. Mr. President, I ask that that resolution be referred to the Senate Committee on Military Affairs.

The PRESIDING OFFICER (Mr. REED in the chair). Without objection, it is so ordered.

Mr. JOHNSON of Colorado. I further ask unanimous consent to have inserted in the RECORD at this point part of the act to establish the Civilian Conservation Corps. The part I wish to have inserted in the RECORD deals with the qualifications of enrollees.

Mr. ADAMS. Will the Senator read that portion of the act, so we may hear it?

Mr. JOHNSON of Colorado. Yes.

Mr. JOHNSON of California. Will the Senator from Colorado yield to me to suggest the absence of a quorum?

Mr. JOHNSON of Colorado. I do not think it is necessary to suggest the absence of a quorum. I shall proceed to read a portion of the act into the RECORD. I do not wish to delay the proceedings of the Senate.

Mr. ADAMS. Mr. President, I think the Senator ought to yield to the Senator from California for the purpose suggested by him. The matter to which the Senator refers is one of very great importance.

Mr. JOHNSON of Colorado. Very well, I yield to the Senator for that purpose.

Mr. JOHNSON of California. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Russell
Andrews	Downey	La Follette	Schwartz
Ashurst	Ellender	Lee	Schwellenbach
Austin	George	Lodge	Sheppard
Bailey	Gerry	McCarran	Smathers
Barbour	Gibson	McKellar	Stewart
Barkley	Gillette	Maloney	Taft
Bilbo	Green	Mead	Thomas, Idaho
Brown	Guffey	Miller	Thomas, Okla.
Bulow	Gurney	Minton	Thomas, Utah
Burke	Hale	Neely	Townsend
Byrd	Harrison	Norris	Tydings
Byrnes	Hatch	Nye	Vandenberg
Capper	Hayden	O'Mahoney	Van Nuys
Caraway	Herring	Overton	Wagner
Clark, Idaho	Hill	Pittman	Walsh
Clark, Mo.	Hughes	Radcliffe	Wheeler
Connally	Johnson, Calif.	Reed	White
Danaher	Johnson, Colo.	Reynolds	Wiley

The PRESIDING OFFICER. Seventy-six Senators have answered to their names. A quorum is present.

Mr. JOHNSON of Colorado. Mr. President, just before the order for a quorum call was entered, I submitted a resolution



calling for an investigation by the Military Affairs Committee of the new regulations of the C. C. C. Director taking in boys on some other basis than the basis of need. No change whatsoever has been made in the law, and yet a change has been made in the enrollment. I want the Senate Military Affairs Committee to investigate the matter.

The C. C. C. is paying \$30 a month, whereas in the Army the same class of boys receive only \$21 a month under existing law; and under the terms of the conscription bill, if it shall be enacted, they must serve 4 months before they receive \$30. Under the C. C. C. regulations, 10 percent of the boys may be paid \$36 a month, and 6 percent of the boys enrolled may be paid \$45 a month.

I wish to read into the RECORD the first section of the act establishing the C. C. C. camps, which reads as follows:

That there is hereby established the Civilian Conservation Corps, hereinafter called the Corps, for the purpose of providing employment, as well as vocational training, for youthful citizens of the United States who are unemployed and in need of employment, and to a limited extent as hereinafter set out, for war veterans and Indians, through the performance of useful public work in connection with the conservation and development of the natural resources of the United States, its Territories, and insular possessions: *Provided*, That at least 10 hours each week may be devoted to general educational and vocational training: *Provided*, That the provisions of this act shall continue for the period of 3 years after July 1, 1937, and no longer.

I think every Member of the Senate and almost everyone in the country is in complete accord with the purposes of the C. C. C. We are glad that we have that kind of an organization to furnish employment to boys in need. However, we now have a new regulation, under date of August 14, in which the whole thing is changed. I now read from page 2 of the bulletin issued by Mr. McEntee:

The latest modification in the regulations defining the terms "unemployed and in need of employment"—

That term is lifted from the law which I have just read—read as follows: "For the purpose of C. C. C. selection the phrase 'unemployed and in need of employment' shall be understood to cover unmarried junior applicants otherwise qualified by age, citizenship, fitness, and character; not in attendance at school, nor on temporary vacation therefrom; not possessing other regular or full-time employment, and who need the employment, the job-training, the educational, and other opportunities available in the Civilian Conservation Corps."

Mr. McEntee continues in the bulletin:

It is important to have in mind the new definition of "unemployed and in need of employment." This new definition is the heart of the new regulation.

The law has not been changed. The law is the same today as it was, but the regulation has been changed, so that boys may be taken into the C. C. C. service whether they need employment or not. The object of my resolution is to have an investigation of the situation. I think it is highly important that this matter be investigated, because the campaign which is being put on to get boys into the C. C. C. camps must necessarily interfere with the effort which the War Department is making to get men into the Army.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. ELLENDER. Who is to make the investigation?

Mr. JOHNSON of Colorado. The Senate Military Affairs Committee, or a subcommittee of the Senate Military Affairs Committee.

Mr. ELLENDER. Since the bill creating the Civilian Conservation Corps was considered and reported to the Senate by the Committee on Education and Labor, does not the Senator think his resolution should be referred to said committee?

Mr. JOHNSON of Colorado. It is a defense matter. I think it affects the national defense.

Mr. ELLENDER. I cannot agree with the Senator. The bill originated with the Committee on Education and Labor, as I have just stated.

Mr. JOHNSON of Colorado. Yes.

Mr. ELLENDER. It was thoroughly considered by that committee; and I believe that in justice to that committee the resolution ought to be referred to it.

Mr. JOHNSON of Colorado. I have no fault whatever to find with the law. I think the law was well written, and I think the committee did a fine job in writing the original law. I am not finding any fault with the bill which came from the committee represented by the Senator from Louisiana, but I am finding fault with the regulations set up under that law, because they affect the national defense; and the Senate Military Affairs Committee should be interested, and is interested, in that phase of the matter.

Mr. ELLENDER. Mr. President—

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. ADAMS. As I understand from what the Senator has read, the officials in charge are not satisfied with the language of the law, and they are taking words which we all understand, words of common use and acceptance, and are now putting upon them what they confess to be a new interpretation and a new, expanded meaning.

Mr. JOHNSON of Colorado. Yes. They say:

It is important to have in mind the new definition of "unemployed and in need of employment." This new definition is the heart of the new regulation.

In this connection it may be said that the C. C. C. has an overhead limitation of 300,000, as I recall. Suppose the ranks of the C. C. C. should be filled with boys who, under the law, do not deserve to be enrolled.

Mr. ELLENDER. How could they be enrolled if the applicants do not come within the purview of the law?

Mr. JOHNSON of Colorado. That is exactly what is being done. The officials have changed the law by defining it.

Mr. ELLENDER. I cannot agree with the Senator. I am sending for a copy of the order to which he has previously referred and in my own time I propose to point out that the distinguished Senator from Colorado [Mr. JOHNSON] is in error.

Did the Senator obtain an opinion from the Department of Justice in an effort to find out whether or not there was a violation of law, as he states?

Mr. JOHNSON of Colorado. I do not know that there is any violation of law, but the order has been issued. The Senator worked on the bill. When he worked on the bill, did he contemplate that boys would be enrolled in the C. C. C. on any other basis than that of need?

Mr. ELLENDER. No. The law, as well as all rulings of the Director, including the latest one made and which forms the basis of this discussion contemplates need.

Mr. JOHNSON of Colorado. Let me read what the Denver welfare director had to say about the matter:

The Denver Bureau of Public Welfare is again accepting applications for the Civilian Conservation Corps, Miss Bernice Reed, director of the bureau, announced yesterday.

That was one day last week. I do not know the exact date. It was probably Saturday, or perhaps Monday of this week.

Miss Reed pointed out that regulations concerning applicants have been changed.

Have they been changed by any law enacted, I will ask the Senator from Louisiana?

Mr. ELLENDER. In what respect have they been changed? I was not present to hear all the discussion.

Mr. JOHNSON of Colorado. I will read how they have been changed:

Miss Reed pointed out that regulations concerning applicants have been changed, and it is no longer necessary that enrollees come from families on relief. Youths between 17 and 23½ years of age will be accepted immediately. She said: "So far as I now know, the Denver quota is unlimited, and the C. C. C. is seeking as many young men as possible."

They are seeking them, and the Army is also seeking them at the same time. I do not believe there should be that kind of competition.

For those reasons I have submitted the resolution and asked that it be referred to the Military Affairs Committee.

Mr. BYRNES. Mr. President, I desire to say only a few words with reference to the statement of the Senator from Colorado

Prior to 1937 admission to the C. C. C. camps was restricted entirely to members of families on relief. When the committee of which the Senator from Utah [Mr. THOMAS] is chairman reported the bill in 1937, the Congress, after discussion of the subject, intentionally made a change in the law. Whether it was wise or not the Congress then determined it. The Administrator had nothing to do with the determination. Congress determined that the individual boy should not be denied admission to a C. C. C. camp if he could not show that he was on relief. The matter is generally known; it was discussed before the Appropriations Committee when the representatives of the C. C. C. organizations appeared upon the bill providing funds for the fiscal year beginning July 1. Mr. McEntee advised the committee in response to a question by the Senator from Massachusetts [Mr. LODGE]:

We work on that basis, Senator.

That is, whether one boy is needier than another. He proceeded—

Prior to the basic act of 1937 being passed we enrolled exclusively from families that were on relief. We ran into a condition that we were never able to remedy until after the act was passed, that we could not accept an orphan into the camp because he had no dependents. Congress had that in mind, I think, and was desirous of relieving the restriction. The act passed in 1937 carries the qualification which the Congress set up, that the applicant shall be unemployed and in need of employment.

Not that he has dependents or is on relief.

In administering the law Mr. McEntee advised the committee that if they had 100,000 more applicants than there were vacancies, they gave preference not to the man who was in need of employment but to the one who was in the greatest need at the time.

I know nothing about the regulation which has been issued, but it must be borne in mind that the Congress changed the law so as to eliminate the requirement as to a relief status which was referred to in the newspaper article the Senator read. So, under the law it is no longer required that a man be upon relief.

Mr. JOHNSON of Colorado. Mr. President, I have not stated that it is necessary that his family be on relief, but he must require relief. The Senator does not mean to say, does he, that his understanding of the law is that any boy, if he is otherwise qualified, can be enrolled; that a millionaire's boy can be enrolled, for instance?

Mr. BYRNES. As a matter of fact, it occurred to me at the time the question was discussed before the committee that, whether the Congress intended it or not, what the Congress said was, "is out of a job and in need of a job." In endeavoring to administer the law those in charge have placed what I regard as the humane construction upon it. They determined that they would interpret the intention of Congress as wanting preference to be given to the man who is most in need of a job, and that has been the policy which has been followed.

Mr. JOHNSON of Colorado. Under this new ruling they have now abandoned that policy and have adopted a broader policy and are now going out on the highways and byways seeking enrollees on any basis whatsoever.

Mr. BYRNES. Under the law, they would be restricted to enrolling men who were out of jobs and who were in need of employment. I certainly think they ought to follow the policy they have heretofore followed. Certainly where they have a surplus of applicants, as is generally the case, preference should be given to the man who is most in need of a job.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield further?

Mr. BYRNES. I yield.

Mr. JOHNSON of Colorado. I may say that there is an over-all limit of 300,000. Suppose those in charge of the C. C. C. in the month of September enroll boys for 2 years on the basis of something else than need and fill up their rolls and then in December and January 100,000 boys, on the basis of need, want to get in, but they cannot be enrolled because the rolls are filled up with boys who were not taken

in on the basis of need. There is that situation, but the situation which I want investigated and to which I am calling attention of the Senate is the interference, the disruption this new policy is causing to our efforts to enlist men in the Army. The C. C. C. boys are paid more. It costs the Government, if the Senator will bear with me for just a moment longer, more than a thousand dollars a year to keep a boy in a C. C. C. camp, I think it is money well spent when it is limited to boys who are in need, but when it is extended to every boy, I do not think that the Government can afford to spend a thousand dollars in that way. It does not cost any more to send the boy to a university.

Mr. BYRNES. The Congress could well consider whether it should amend the law and restrict it to those in need and not those in need of jobs.

Mr. WILEY. Mr. President, I inquire what is the date of that new regulation?

Mr. JOHNSON of Colorado. August 14, 1940, is the date of the bulletin. I presume that is the date.

In reply to my inquiry, this is what Mr. McEntee tells me:

In accordance with your telephone request there is attached a copy of a memorandum dated August 14, 1940, which was sent to all Civilian Conservation Corps State selecting agents.

Mr. WILEY. It seems to me that there might be two implications drawn from the fact that the regulation originated in August, one political and the second that here we have demonstrated the fact that once a Government agency is established, it is difficult to get rid of the agency. Employees hate to let go.

The Senator should be given a vote of thanks for bringing this matter before the Senate. At this time, when the country needs men, the C. C. C., which is a fine organization in itself, should not be competing for men. We should have this matter investigated. So I say the Senator from Colorado is entitled to have the support of every Senator.

Mr. ELLENDER. Mr. President, of course the bureaus of public welfare are accepting applications for the C. C. C. so as to fill the quota contemplated by the law which is fixed at 300,000 enrollees. I do not wish to discuss the merits of the resolution at this time. As I stated a few moments ago, I believe that the resolution should be referred to the Committee on Education and Labor rather than to the Committee on Military Affairs. The Committee on Education and Labor has considered all legislation pertaining to the Civilian Conservation Corps. Should the motion of the Senator from Colorado not prevail, it is my purpose to move that the resolution be referred to the Committee on Education and Labor.

Mr. JOHNSON of Colorado. Mr. President, I asked unanimous consent that the resolution be referred to the Committee on Military Affairs, and that was granted. If the Senator from Louisiana wants to reconsider that action, that is all right, but—

Mr. ELLENDER. Mr. President, I thought that was the pending motion; that is, that the resolution be referred to the Military Affairs Committee.

Mr. JOHNSON of Colorado. But my request has already been agreed to. If the Senator desires to reconsider the action, very well, but I want to oppose the action.

Mr. ELLENDER. Mr. President, I inquire what the parliamentary situation is?

As I have just stated I understood that the pending question was on the motion of the Senator from Colorado that the resolution be referred to the Committee on Military Affairs.

The PRESIDING OFFICER. As the Chair understands the matter, the Senator from Colorado asked unanimous consent to submit a resolution and have it referred to the Committee on Military Affairs, and there was no objection.

Mr. ELLENDER. I was out of the Chamber and answering a telephone call when that happened.

Mr. JOHNSON of Colorado. If the Senator from Louisiana desires to enter a motion to reconsider the reference of the resolution, of course, he has that opportunity, although I shall oppose it, because if he will read my resolution he will find that I based it on the national-defense issue, and his



committee has nothing whatever to do with military matters. That is a matter for the Military Affairs Committee to consider.

Mr. ELLENDER. Mr. President, according to the Senator's views, as expressed on the floor of the Senate, his resolution affects the administration of the law by the Director in charge of C. C. C. It also affects an interpretation of the law.

Mr. JOHNSON of Colorado. My resolution does not question the law in any way. It questions the action under the law.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. The Senator from Louisiana has the floor.

Mr. ELLENDER. I yield to the Senator from Kentucky.

Mr. BARKLEY. As I understand, the parliamentary situation is that which has been stated by the Chair. The Senator from Colorado asked unanimous consent, out of order, to introduce a resolution and to have it referred to the Committee on Military Affairs, and there was no objection. That raises the question, however, just what connection the resolution has with the military program. The mere fact that, as the Senator from Colorado says, there is some competition between the C. C. C.'s efforts to get boys into the C. C. C. camps and the War Department's efforts to get the same boys into the Army would not necessarily confer jurisdiction on the Military Affairs Committee.

Personally, I do not care where the resolution goes. I am sure either committee would give it appropriate consideration; but it seems to me the mere fact that there may be, in the opinion of the Senator, some competition between these two Government agencies for possession of these boys might make it appropriate not to refer the resolution to either committee, but to refer it to some committee that is impartial as between them.

I very much doubt, however, if the competition is as serious as it may seem on the surface. There is not anything particularly military about the resolution which would automatically cause its reference to the Committee on Military Affairs.

Mr. ELLENDER. Mr. President, that was my reason for rising to oppose the motion to send the resolution to the Committee on Military Affairs. If action has already been taken by the Senate to that effect, I now move to reconsider the vote by which the resolution was sent to the Military Affairs Committee.

The PRESIDING OFFICER. Is there objection to the reconsideration of the reference of the resolution to the Committee on Military Affairs?

Mr. BARKLEY. Mr. President, I inquire of the Senator from Colorado if he would be willing to let the resolution lie on the table for the time being, and give further consideration to the committee to which it may be referred.

Mr. JOHNSON of Colorado. I shall be glad to have the resolution lie on the table without changing the parliamentary situation with regard to it; that is, it has been ordered referred to the Committee on Military Affairs, and I want it to come up under a motion to reconsider, if the reference is to be changed. With the understanding that unless some action of that kind is taken the resolution will go to the Committee on Military Affairs, I shall be glad to have it printed and lie on the table.

Mr. VANDENBERG. Mr. President, how can a unanimous-consent agreement be reconsidered?

Mr. BARKLEY. Of course, the result can be attained by moving to reconsider something that has been done by unanimous consent.

Mr. ELLENDER. Mr. President, a parliamentary inquiry. If the resolution has been referred to the Military Affairs Committee, how can it lie on the table? I should like to know that.

The PRESIDING OFFICER. The Parliamentarian says it cannot.

Mr. JOHNSON of Colorado. The Senator may ask unanimous consent to have that done.

Mr. GEORGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield the floor?

Mr. ELLENDER. I yield to the Senator from Georgia.

Mr. GEORGE. I desire to make a very brief observation in my own time. The Senator has not finished?

Mr. ELLENDER. I have nothing further to say at the moment, except this, that after my motion to reconsider is considered, the resolution may lie on the table, if that is agreeable to the Senator from Colorado.

Mr. JOHNSON of Colorado. No; that is not agreeable.

Mr. ELLENDER. Very well, then; as I understand the situation, my motion to reconsider will go over.

Mr. GEORGE. Mr. President, it seems to me that if unanimous consent has already been given that the resolution shall go to a particular committee, the appropriate motion would be to discharge that committee and refer the resolution to some other committee, either now or hereafter; but I am not interested in that phase of the matter, and I am not concerned about where the resolution goes. I think the resolution is timely, and that is why I rose to make an observation.

Personally, I have been very greatly disturbed to know what is the policy which is back of an increased enrollment in the C. C. C. camps at this time. I do not know that anybody ought to ask what policy is back of any move; but up to this time we may do so with some fair degree of immunity, at least.

I have been interested in this matter for some time. It will be recalled that many weeks ago I offered in the Senate a simple amendment to provide for voluntary military training in the C. C. C. camps. I was met by the most stubborn opposition—I may say concerted administrative opposition. I was very much at a loss to know why there should be so much opposition to training some 250,000 young men in the C. C. C. camps at an expense to the Government of \$1,000 a year each, particularly when it was put on a voluntary basis.

Since that time much water has gone over the dam or under the bridge, as we may see fit to phrase it. We have passed what we referred to as a conscription bill, and a National Guard bill, and brought the units of the guard into the Federal service in peacetime, to be trained, or to be sent, or to be used in active service anywhere in the Western Hemisphere, in the Philippine Islands, or wherever somebody may want to send them; and we are about to do the same thing with the young men who are to be conscripted.

I voted for compulsory military training, but I did not do it under the craven fear that any other nation was attacking or would attack this country. I did it because of the settled conviction that the United States should have an adequate national defense. It needs it. It has long needed it. I do not know when it will have to be employed, but, whenever it becomes necessary to employ it we ought to have it. The amendment, however, to give voluntary military training in the C. C. C. camps was opposed and was defeated, whereupon I made some inquiry to this effect: Was it intended to create a haven against military service for anyone who was fortunate enough to get into the C. C. C. camps?

The members of the C. C. C. camps do not want any such policy as that. As a matter of fact, they wanted voluntary military training. As a matter of fact, they were willing to take military training, and desired to do so; but I have made that inquiry.

Recently the Senator from Colorado has very appropriately called the attention of the Senate and of the country to what is going on. I do not know why it is being done; but there has been and is in progress an effort to increase the number of young men in the C. C. C. camps. In some places I have seen it stated that they were bringing some of the middle class—if anybody wants to classify our citizens as top and middle and lower—or some of the "white collar" class into the C. C. C. camps. I had the idea when I voted for the C. C. C., and I have entertained it ever since, that it was to take care of the young men who were in need, who were

unemployed, and who could not find employment, and to take care of their families as well, because a portion of the money—in fact, \$25 of the \$30 paid to a C. C. C. enrollee—went to the family, as I understood, rather than to the boy. That, however, is beside the question; but it is important to know what policy is involved. Is it intended to create a haven? Is it intended to invite young men into the C. C. C. camps and protect them from the draft bill which has been passed by both Houses and which is now in conference? I have asked that question, but I have been unable to obtain an answer, though some Senators have stated to me that, of course, that was not the policy.

Mr. BARKLEY. Mr. President, may I ask the Senator a question?

Mr. GEORGE. Yes.

Mr. BARKLEY. Does the Senator understand that the draft bill which has been recently passed by both Houses, and is now in conference, exempts from registration or service the young men who are in the C. C. C. camps?

Mr. GEORGE. No; I do not.

Mr. BARKLEY. I do not, either.

Mr. GEORGE. But I am coming to that point now, if the Senator will permit me. I do not so understand.

Mr. BARKLEY. Neither do I.

Mr. GEORGE. Had it done so, I would not have voted for the law, and I would oppose it now; but if the policy of the administration is to do it, I dare say they will be exempted.

Mr. BARKLEY. If the Senator will yield at that point, I have never heard any suggestion, intimation, or hint from anyone in the administration that any such purpose was in the mind of anybody.

I will say to the Senator that, so far as I am personally concerned, I voted against his amendment. I did it for reasons which I then expressed, that I did not believe that the C. C. C. boys, who were taken very largely from relief families, ought to be the first to be trained.

Mr. GEORGE. I am not criticizing the Senator for his vote, nor am I complaining because the amendment was defeated, but by that illustration I am trying to emphasize the fact that I then desired to know what the policy was going to be with respect to the C. C. C. enrollees.

Mr. BARKLEY. I took my position on my own volition, without consulting anyone in the administration, in the War Department, or in any other executive department, or anyone else. I acted on my own conviction on the subject, which had no relationship to what anyone else thought about it. I felt, as I stated then, that it was a mistake to pick young men of the C. C. C., drawn from the poorer families, those on relief, and give them training first, because those trained first, if we have to get into war, will probably be the first to do the fighting. I felt that when we should undertake to train young men we should not pick out those as the first to train in any branch of the service, and my attitude on the subject was not understood to reflect the opinion of anyone else except myself, and I would disclaim that it did. Certainly I took my attitude without consulting anyone in any executive department in the United States, from the highest to the lowest.

Mr. THOMAS of Utah. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield.

Mr. THOMAS of Utah. If I may break in at this point, if the Senator from Georgia does not object, there could not be any policy on the part of the Government to exempt the C. C. C. boys from registration and from service. In fact, it could not be done, because it would be directly contrary to the Selective Service Act itself. I think, however, that probably someone might assume that they would be exempt. There is in the Senate bill, and also in the House bill, provision giving the President the right to make rules and regulations governing classifications, and men can be deferred because of the classification, with regard to whether their work is more essential to the health of the Nation, to the agriculture of the Nation, or to some other activity. But that has nothing to do with exemptions from military training.

It relates merely to deferment so far as classification is concerned.

It must be remembered that under any scheme of selective draft that is adopted we will not go below the age of 21 years. The enrollee in the C. C. C. camp may start, and generally does start, at the age of 17. His period of enrollment, if it continues as it has been in the past, is a 6-month period. So there would be eight 6-month periods of enrollment of the C. C. C. before the boys would even be required to register. Therefore that plan would not have anything to do with exemption from military training.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Georgia yield to permit me to ask a question of the Senator from Utah?

Mr. GEORGE. I yield.

Mr. JOHNSON of Colorado. Conscription is not the only means of getting into the Army. The Senator from Utah knows full well that boys can enlist in the Army at 18 years of age.

Mr. THOMAS of Utah. That is true.

Mr. JOHNSON of Colorado. He knows very well, because he served with me on the Committee on Military Affairs, that many thousands of boys are needed for the Regular Army, and that the Army is taking them at 18 years of age. The age limit in the C. C. C. is 17 to 23½ years.

Mr. THOMAS of Utah. I cannot see that there is any point in exempting the C. C. C. men from military service, if it is a voluntary arrangement. The boy in the C. C. C. elects to go into the C. C. C. If he elects to go into the Army, he cannot be in both places at the same time.

Mr. JOHNSON of Colorado. But my point is that the authorities are carrying on a campaign to get enrollees into the C. C. C. camps, conflicting with efforts to get them into the Army.

The PRESIDING OFFICER. Does the Senator from Georgia yield further to the Senator from Utah?

Mr. GEORGE. I yield.

Mr. THOMAS of Utah. I cannot say as to that, because I do not know anything about such a campaign. I was merely trying to explain, if I could, that there could not be any exemption from registration given to C. C. C. boys because they were in the C. C. C. That is the point I wanted to make, if that has been bothering anyone.

Furthermore it should be remembered in regard to boys on relief, that during the consideration of the C. C. C. Act, which was renewed for another 2 years, the Senate and the House agreed to change the provision which made it necessary for the boys to be taken from families on relief. The wording was changed so as to provide that a boy must show that he is in need of employment, not that his family is in need of relief. The idea was that it was time to remove from the C. C. C. uniform and from the parents of boys in the C. C. C. camps the stigma which might be attached to service in the C. C. C. I thank the Senator from Georgia.

Mr. GEORGE. Mr. President, I am very glad to have the observations of the Senator from Utah and the Senator from Kentucky. I am not complaining about what is in the law. There is nothing in the bills which have been passed authorizing the exemption or the deferment of the C. C. C. boys, nor do I know that that is the intent or purpose. But there are two legitimate grounds upon which the resolution of the Senator from Colorado should be looked into carefully, and not in a perfunctory manner. First, is it intended to create a haven in the C. C. C. camps for all men who have reached the military age fixed under the proposed compulsory military training law; and, second, is there necessity to burden the Government further by the expenditure of additional funds at this time through an increase in the C. C. C. camps?

Mr. BARKLEY. Mr. President, will the Senator yield at that point?

Mr. GEORGE. I am glad to yield.

Mr. BARKLEY. It is my understanding that the administration cannot go above the 300,000 figure which the law provides, no matter what sort of campaign may be undertaken to increase the number. I had not heard of any such cam-



paign; it has not been carried on in my State, so far as I know. It may be that in some localities where the enrollment may fall short of what it is felt it should be, in order to fill up the full complement of the companies, or whatever the units are called in the different camps, efforts have been made to increase the enrollment. But I would doubt whether it was intended as competition with the Army in undertaking to get enrollees in the Army, and certainly, no matter what might be done in any community to get the complement filled, the total number of enrollees could not exceed, as I understand, the 300,000 provided for by the law.

Mr. GEORGE. Mr. President I wish I could be as certain as the Senator is about it; but I recall that we have voted a great many blank checks, and I do not know what may be undertaken in the expenditure of large sums of money for the spending of which Congress has given no specific direction. I know that it has been published in the newspapers—I do not know whether anyone else saw it or not, but I have seen it in the public prints—that it was intended practically to double the number of enrollees in the C. C. C. camps. It may have been a publication from some irresponsible, unauthorized source, I do not know, but I have been concerned about it, and I have wanted to know what was the purpose or policy back of it.

I know that at this time unemployment of able-bodied men in this country should be decreasing. Certainly it should be, in view of the vast expenditures of public funds which Congress has authorized for the national defense, as well as the general appropriations which Congress has been making. I also know—and I do not want to give any offense by this—that the Draft Act may be administered not according to the letter of the act. I know very well that it will be altogether possible to say that young men in the C. C. C. camps are now being trained in building bridges and doing Signal Corps work, that they are getting a form of noncombatant training which is essential to the Army and to the maintenance of the national defense, and that the authorities would rather that they be not interfered with. I do not know that that is the purpose, I do not charge that it is, but I say that I have been more than curious to know what is the purpose. I think Congress and the country have a right to know the policy back of any proposed increase in the C. C. C. camps at this time.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. ADAMS. I wish to recall to the Senator's mind, if by chance it should have escaped him, the fact that the Senate increased the appropriation for the C. C. C. camps by \$50,000,000 over and above the amount in the bill as it came from the House. That was done because of the statements which were made that great numbers of qualified young men were seeking to get into the C. C. C. camps, and without the added appropriations many camps must be closed, but now we find a campaign or a stimulus under way to bring into these camps men who heretofore were not regarded as qualified.

Mr. GEORGE. I think the Senator's statement is correct. I am the last Member of the Senate who would object to the C. C. C. camps and the work being done in the C. C. C. camps. I have always believed it to be a very wise movement. I have no objection, of course, to the young men who enter C. C. C. camps not being disturbed, even by the draft law, if there is some sound basis for such a policy. I am simply anxious to know—and I believe we are entitled to know—what the policy is with respect to the C. C. C. camps. I know there will be many applications for entrance into the C. C. C. camps, if a camp is to be a city of refuge, a haven against the application of the provisions of the Military Training Act. I am sure of that.

Mr. President, I wish to make a further observation, and I almost apologize for doing so, because I am sure no one is especially interested in it. The second consideration I mentioned is one, however, which ought to concern the Congress, to wit: What justification is there for expending increased sums of Federal money to bring about an increase in the enrollment or to make possible the enrollment of a larger num-

ber of men in the C. C. C. camps? If I may be pardoned again, I wish to refer to the fact that some days ago we were advised, perhaps unofficially—we received the advice, nevertheless—that the appropriation for relief would be exhausted in the early part of next year, and that it would be necessary to increase by some considerable sum appropriations for general relief, and at about the same time it was suggested that there would be a great increase in the enrollment in the C. C. C. camps.

On the question of relief I have nothing whatever to say, because that must be determined when we reach it, and the relief appropriation should be made, as I hope it has been made, on the basis of the necessity for it, the desirability of meeting a call of that kind upon our organized society. But as for an increase in enrollments in the C. C. C. camps at this time, it is hardly conceivable that it is justified. It cannot be justified from the experience of anyone in this body who knows anything about what is going on in his home State or section or community. With few exceptions, by and large, there are available fewer young, active men in every community in the country, so far as I know, in the average agricultural industrial State at least, than at any time within the last several years. There is no necessity for increased expenditures for the C. C. C. The military conscription bill will call for the registration of everyone from 21 years of age up to 30 years of age, or 44 or 45 years of age, depending upon the language of the bill as it is finally approved. So there is afforded opportunity for honorable service in training under a law which I assumed, when I voted for it, would be equally and equitably and fairly applied to all classes of our fellow citizens.

Now, Mr. President, with a diminishing demand for relief, especially among the young men, men who are able to go into C. C. C. camps, with an increased demand outside of Government for the services of more young men, with an increased demand within the Government for the services of more young men within the military age limit, why this effort to increase the enrollment in the C. C. C. camps? Why this encouragement?

Mr. President, the Treasury of the United States is in not too good condition. No one wants to say anything about it because the facts have ceased to make any impression upon the public mind. But one day down the road we must meet the problem. We propose to increase the enrollees in the C. C. C. camps. We talk about increasing the relief expenditures of the Government. We propose to authorize another \$500,000,000 to the Export-Import Bank for the purpose of lending money to countries in the Western Hemisphere without any intelligent idea of what is going to be done with the money. We are simply traveling along, spending more and more and more money.

We have recently acquired bases in various islands off our coast—in some instances a long distance off our coast—for the purpose of establishing air bases at least, and perhaps naval bases—I do not know. Everyone approved that action because it was regarded as a necessary step under modern conditions for the complete defense of the Nation. But we have had no treaty covering the project, and in the acquisition of those bases we have assumed, and will of necessity assume, some of the most momentous international obligations this country in all its long history has undertaken. Yet there is not to be any treaty or anything of the kind in respect to that matter. Now that it is suggested that we acquire these bases and spend the money necessary to prepare them, before we adjourn perhaps there will be a bill of \$900,000,000 or a billion dollars for that purpose on top of other expenditures for military defense.

Then what are we going to do? Out of the goodness of our hearts, and because we want our South American and Central American neighbors—and our neighbor on the north—to be on perfectly good terms with us, and to aid willingly and actively in the defense of the Western Hemisphere against any power which may wish to invade it or to violate the Monroe Doctrine, we propose to let all the countries in the Western Hemisphere share in these bases and use them.

What does that mean? Mr. President, it means beyond all doubt one of the most complicated, one of the most far-reaching, one of the most important international engagements this Nation ever entered into; one fraught with more possibilities for good—and, if we say good, why not be candid in saying equal possibilities of evil, for the two go hand in hand. Yet has anyone said anything about a treaty? Under the fear that the United States is to be invaded, under the fear that our Nation is open to attack, under the constant appeal that we must forget reason and every single duty resting upon the Congress of the United States but one, we must not open our mouth about these things.

Mr. President, there is another day ahead of us, and the Democratic Party will be compelled to answer whether it is the party of economy, whether it believes in it, whether it wants to practice it, or whether it is the party of waste, waste upon a large scale, whether it is the party that wants to stay within the Constitution, to pay decent respect to the simplest democratic processes, and handle the most important businesses that ever can come before this Nation in the way they ought to be handled, or whether we should forget all these things because we believe we are in danger. Should they be forgotten? If we were in actual danger, Mr. President, is there any warrant for the assumption that the Congress of the United States would not grant every power and take every step necessary to the defense of the country, by acquisition of bases in the oceans on either side of the Western Hemisphere, and by invitation to other nations to participate in the use and occupancy of such bases when they were completed? Is there any doubt that Congress would grant such power if there were any reason why the power should be granted? We may know in a general way of the general reasons for a particular policy; but is there any sound or justifiable reason why we should not proceed to determine our policy in the way in which it should be determined?

Mr. President, there is not much difference between willful and wanton waste and outright corruption. They go hand in hand. They march down the same road. They end at the same destination.

If we may not make an inquiry about the expenditure of public money, and if we may not know what the policy is with regard to the expenditure of public money; but if, on the contrary, day after day we must be met with requests for increased appropriations of public funds to carry out purposes which may be very wise and very desirable, but about which we know nothing, although they may be very clear in the minds of many persons, we are the most wasteful Congress that ever was assembled in the whole history of the Republic.

Mr. President, we cannot throw away public money and save this Nation. It is not merely a question of becoming bankrupt. The question is far more important than that. We cannot, out of the Public Treasury, out of the pockets of the taxpayers, make vast grants of public money in the name of any cause and preserve the Nation. The waste of money is bad enough. Increasing taxes on our industries and on our individual citizens who pay taxes may be bad enough; but that is not the worst of it. The profligate use of public money leads to—aye, it is within itself—public corruption. The very heart of it is corruption; and this Republic cannot stand that kind of strain any more than can any other government.

What do we do? If an appeal comes to us for \$500,000,000 or \$1,000,000,000, we grant it. Hardly anyone questions it. Last week, on a bill appropriating more than \$5,000,000,000, there was not a yea-and-nay vote. Although some Senators asked for it, they could not obtain it. I did not ask for it, because I knew how I would vote upon it. Does that indicate that the Congress is trying to protect not merely the money of the people but the political integrity and morality of the people of the United States?

We may go on increasing the C. C. C. camps at a time when, Heaven knows, they should be on the decrease; we may go on spending money for any purpose proposed, without very much inquiry into why the money is being spent,

and with no knowledge of the underlying or basic reason or policy which is to be advanced; but we cannot indulge in such activity and leave a strong, free people to uphold free institutions.

In June of this year we passed a tax bill which added a cold billion dollars to the burden on the bent backs of our taxpayers—individuals, copartnerships, and corporations. We are now engaged in the preparation of another tax bill which, next year and the year following, will add another cold billion dollars to the burdens of the American taxpayer; and we are not balancing our account. If we were, we should have a different situation; but we are not balancing our account. We are simply taking a step in that direction for the purpose of putting our accounts in proper shape and setting our house in order. No one will object to higher taxes for the purpose of national defense. All our citizens join in saying that we should make that sacrifice. But, Mr. President, it is a mere matter of calculation that when the bill now in the hands of the Finance Committee finally becomes law, the effective tax rate on corporate incomes—and the rates on all others will be in proportion—will approach dangerously close to 33⅓ percent. Could we give any man a business, take 33⅓ percent from it, and ask him to operate it? If he were capable of running it, would he have it? Would he not know that the business was doomed?

The same thing applies to the aggregate industry of this country. When the cost of government, or civilization, becomes so great that business cannot struggle through as a free enterprise, we are approaching some other end; and we are dangerously near it whenever the total effective tax rate in the country approaches 33⅓ percent out of every dollar of earnings made by our people.

Should not that fact give us a little pause? Is not that a good reason why the resolution of the Senator from Colorado should go to a committee which will immediately ask, "Why this increased expenditure? What is the purpose and the policy back of it?" However commendable may be the particular bill now before the Senate calling for an additional appropriation of \$500,000,000 to be loaned to the governments, banking institutions, or nationals of other countries in the Western Hemisphere; however good its purpose, is it not reasonable, with a tax rate of more than 30 percent upon the income taxpayers of this country, to ask, "Is it wise to do it? Is it advisable to do it? Is it necessary to do it? Will the good effects outweigh the possible evil effects?"

Mr. President, all my life I have been an optimist. I have never indulged in any pessimism so far as my country is concerned. I may be altogether mistaken in having the slightest misgivings as to whether everything will work out for good in the end; but I cannot for a moment see conditions in that light.

Some months ago the Secretary of Agriculture conceived the brilliant idea of a Western Hemisphere cartel. Back of that idea lay the philosophy of the Secretary of Agriculture; namely, the control of production of the farms. Back of that idea lay the long-time dream of the Secretary of Agriculture. Not only must we have regimentation of the farms in the United States, but there must be some sort of international agreement whereby the cotton-producing and wheat-producing countries of the world may all be brought into harmony and agree to restrict production, and therefore arrive at beneficial and profitable prices for wheat and corn. That purpose lay back of the cartel idea. The idea was not very favorably received. Now, we have a proposal for an increase in the capital of the Export-Import Bank, for perfectly laudable purposes so far as they are expressed on the face of the proposal.

I have listened patiently and attentively to ascertain what would be done with the \$500,000,000. I do not know in detail, but I do know that, in part, it would be used to provide for the marketing of agricultural products grown in the Western Hemisphere outside the United States. That is a fair statement, Mr. President. It is the cartel idea; it is the cartel



theory. I have already shown what is the philosophy back of the cartel theory. It is the regulation of production, the control of production by law. Perhaps it is a good philosophy, but, in order to make it entirely effective, of course, competitors in other parts of the world must likewise be controlled.

It may be asked, What has that to do with the Export-Import Bank capital? Mr. President, I will tell you what it has to do with it. When the Producers of wheat and cotton in Central America and in South America become our debtors they will be politely asked to consider the terms on which we extended the credit; they will be politely, but very effectively, persuaded that it is proper and wise for the South American and Central American countries to reduce their wheat production; to reduce their cotton production; to reduce their production of other commodities, and the same old theory back of the control of production in the United States will be put into practice. The difficulty is that we have not sufficient money to do likewise all around the earth. We may get by with it in this country, but it is a pretty heavy drain on us here even to supplement, out of the Government Treasury, the greatly reduced income of the hog raiser, the wheat raiser, the corn raiser, and the cotton raiser, to such a point as will permit the farmers to live and enjoy whatever meager prosperity they may have. But when we come to do the same thing all around the world—and, while we merely start out with one hemisphere, we can extend our operations—when we come to do the same thing outside the United States, then, Mr. President, it becomes too costly a program, as I think, to permit the United States Senate to conclude rightly that we can afford it.

Oh, I know this is a national-defense measure. I know very well that we must do this now because we must sustain our neighbors to the south and to the north, all for the common security of the Western Hemisphere. I know it is now based on the ground of national defense, Mr. President; but, after all, a philosophy that was not born of the exigencies of national defense in a military sense is back of this program.

If Argentina becomes a debtor of the United States, and has the prospect of an increased advance from the Federal Treasury, it may be assumed that Argentina will listen to the suggestions we may wish to make with reference to production and distribution of the products which the Argentine people make and which are, of course, competitive with ours in whole or in part.

Mr. President, I do not believe in the doctrine, the philosophy, the principle back of the theory that by reducing the production of wealth thereby wealth is increased. I myself have never been so confused, I hope, as to assume that greater wealth can be produced or that a nation can become wealthy by the restriction of the production of wealth. I hope, Mr. President, at least, that I have not become so confused as to think of the mere money price which for a day or a year or a season may be received for a product as representing value.

Mr. President, true value is in the service rendered and in the commodities produced by labor, the result of the combination of the hand, the head, the purpose, and the heart of men who are making things. The more labor profitably employed, the more employment and service we have in this Nation, the greater the wealth we are producing.

The answer that, somehow or other, the products of labor have not been equitably or equally distributed, and, therefore, we must restrict the production of wealth in order to advance the price of those things that are below the average price, is the poorest answer that any intelligent government, in my opinion, ever made to a pressing problem. It is simply no answer at all; it is merely a temporary expedient; and it does not seek a real remedy.

Mr. President, I have great regret in not voting for this particular bill. I have the utmost respect for Mr. Jones, who has been the managing head, at least, to the Export-Import Bank; I have the utmost respect for those who in other departments of the Government have been associated with him; I have the utmost confidence in his judgment; but, Mr. President, I think I know the ultimate purpose back of this bill, in part, at least, and I think that I appreciate the utter futility

of a movement or purpose of that kind. I think also, Mr. President, that I appreciate the fact that, day by day, as we pile up debt upon the Public Treasury, as we assume greater and greater financial risks, we are approaching a point where the situation will be all too evident to all of us who dare take the time to look or to reason or to listen.

I think also, Mr. President, that the very policy itself is one fraught with the greatest danger. The extension of credit to our South American friends will invite a demand for greater credit, and when the time comes when we must either refuse or reduce the credit, we will find ourselves in a much more unhappy position than we would occupy if we never embarked upon a program of this kind.

To extend our own commerce, yes. If that were the purpose of the bill, I would gladly support it. I would go further than most men in this Chamber to extend our own commerce, whether of manufactured or raw products. I would certainly go as far as anyone. I would do more than that, Mr. President; I would even be willing, if necessary, to subsidize travel in Central America and South America and make it possible for a class of our citizens to visit those countries and to become acquainted with them, to make friends with our neighbors to the south.

The money spent by the tourist trade in Central America and South America would furnish the dollar basis for credit in the United States and would give to Central American and South American peoples the purchasing power for more and more of our products.

Anything, Mr. President, that has for its real objective the expansion of our own commerce and trade may be justified, if we are able to do it, but to undertake a program of this kind, that has back of it the philosophy which I have feebly tried to express, is a venture to which I do not wish to be a party. I would rather go back to the people of my State and say that I declined to make possible the use of \$500,000,000 out of our Treasury in Central America and South America, even if it shall become necessary ultimately to assist in the military defense of Central America and South America.

It is most unfortunate, Mr. President, as I think, that a measure of this kind and other similar measures cannot be considered on their true basis of value, that is to say, upon the merits of the question, aside from the fear and apprehension, real or imaginary, that we are about to be engulfed in military campaigns to defend the Western Hemisphere.

Mr. BARKLEY. Mr. President, I wish to refer to the discussion which took place a while ago as a result of the submission of the resolution of the Senator from Colorado [Mr. JOHNSON].

I thought I knew then, and I so expressed myself, that there could not possibly be any increase in the enrollment of young men in the C. C. C. camps beyond the 300,000 authorized by the Congress. In order that I might ascertain and give the Senate the benefit of the information growing out of this discussion, I called up over the telephone Mr. McEntee, who is the head of the Civilian Conservation Corps, and inquired of him about the program. I, of course, advised him that the statement had been made on the floor of the Senate that a campaign was on to increase the enrollees in the Civilian Conservation Camps all over the country and, of course, that the suggestion had been made that it was in competition with the War Department, which is trying to enlist men in the Army, and that the inquiry had also been made whether the C. C. C. camps were to operate as a haven against enrollment in the Army or against the administration of the draft insofar as they are concerned, and I learned that these are the facts:

It is true that not only do the C. C. C. authorities not intend to increase the enrollments above the 300,000 authorized by law, but they do not consider that they have any authority to do it even if they wanted to do it, and that the only authority for any increase in the number above 300,000 would be an amendment of the law on the part of Congress. They do try to keep the number up to 300,000. They have two enrollment periods—one in July and one in January—

at which times most of the men go out because of the expiration of their 6 months' service in the C. C. C. camps, but there are some who go out between January and July. In order that the C. C. C. authorities may keep the enrollment up as nearly as possible to 300,000, they have an intermediate enrollment period in October and in April.

The C. C. C. authorities now have in the various camps 285,000 men. They desire to take in another 15,000 in October, so that the entire enrollment will be the 300,000 authorized by law; and all they are attempting now to do is to bring to the attention of eligible young men in various parts of the country the fact that there are these vacancies in the present camps, amounting to 15,000. If they get the 15,000, that will carry them until January, when one of their regular enrollment periods will approach; and, because there will be more enrollees whose 6 months' service have expired, the C. C. C. authorities will, of course, attempt to refill the various camps with eligible men, so as to keep the enrollment as near the numerical strength of 300,000 as is possible; and that is what Mr. McEntee says they are doing, in order to fill the gaps.

In addition to that not only are the C. C. C. camps not a haven of refuge, but already, assuming that the draft law will become effective soon, the C. C. C. authorities have given to the War Department information as to the location of all the camps in the United States, as to the numerical strength in those camps, and have set up machinery to cooperate with the War Department in the registration of all those eligible for registration between the age of 21 and whatever the maximum age may be, whether 31 or 45 or some figure between the two; and not only are they attempting to set up machinery to cooperate with the War Department for registration but they are also attempting to set up machinery for the administration of the act under the jurisdiction of the local boards which are to have charge of the selection of those eligible for service in the various training camps of the War Department where they are to train for the period of 12 months.

I feel that the Senate as a whole and particularly the Senator from Colorado [Mr. JOHNSON], the Senator from Georgia [Mr. GEORGE], and other Senators who have engaged in the discussion will be glad to know that there is nothing unusual about this program. It has been going on during the entire 8 years.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from Kentucky yield to the Senator from Colorado?

Mr. BARKLEY. Yes; I yield.

Mr. JOHNSON of Colorado. The unusual part about the program is that on August 14 the Director changed the interpretation of the law relative to eligibility of the enrollees. That is what we wanted to inquire about.

Mr. BARKLEY. No; according to my interpretation of the law, there is nothing strange about that. The Director was giving an interpretation, based upon the act of Congress, that no longer was eligibility determined by the fact that the family was on relief, but it was determined by the fact that the enrollee himself needed work, or was out of employment.

Mr. JOHNSON of Colorado. Oh, no; the law of 1937 changed the eligibility as to the family, but by interpretation on August 14 the Director of the C. C. C. camps completely changed the understanding as to the enrollees who are eligible. It is not on the basis of need at all.

Mr. BARKLEY. He did not change his interpretation so as to violate the law, or to go outside the terms of the law, as I understand.

Mr. JOHNSON of Colorado. That may be.

Mr. BARKLEY. There is nothing in the law as it is now written which indicates how impecunious the family must be in order to make one eligible for enrollment in the C. C. C. camps.

Mr. JOHNSON of Colorado. I am quite sure the Members of the Senate, when they passed the act in 1937, never for a

moment thought that all the boys in the United States, regardless of their financial standing, could enter the C. C. C. camps. I am sure they did not, but under the interpretation of the law as stated by the Director every boy in the United States, regardless of whether his parents are millionaires or in what financial condition they are, may become an enrollee.

Mr. BARKLEY. Of course, all the boys in the United States within the ages of 18 to 25 could not get into the C. C. C. camps because they can take only 300,000, but if a young man whose family is not on relief is out of work and cannot secure employment, I presume both Congress and the Director took it for granted that that boy was properly eligible to be taken into a camp and given the sort of training that the C. C. C. enrollees obtain. I do not know how many of those boys would be taken in. I have no figures as to the proportion. I am satisfied that it would be a very small proportion because, as a rule, unless some young fellow desires the particular type of training that he can get, physical and otherwise, in the C. C. C. camps, I think he would have no particular incentive to go in simply because of the pecuniary situation, if he did not need employment.

Mr. JOHNSON of Colorado. Mr. President, will the Senator further yield?

Mr. BARKLEY. Yes; I yield.

Mr. JOHNSON of Colorado. The law of 1937 changed the original law from the need of the boy's family to the need of the individual boy. Now the Director of the C. C. C. camps has changed it so that the matter of financial need does not any longer enter into the question at all.

Mr. BARKLEY. I have not seen the new regulations, and I am not in a position to discuss them.

Mr. JOHNSON of Colorado. I am sorry I have not the regulations here. I let the Official Reporter take them.

Mr. BARKLEY. I have given the Senator the information that was conveyed to me by Mr. McEntee, and I am satisfied the Senate will be glad to give it the consideration to which it is entitled.

Mr. GEORGE. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. GEORGE. So far as I am concerned, I am very happy, indeed, to have any information, because I have been anxious to know the facts. I think the failure to indicate the real policy and purpose of an increase at this time, coupled with the speculation which arises out of that fact, might reasonably be calculated to do one of the very best services we have established serious injury. I am very happy to have the information.

Mr. BARKLEY. Of course, we all realize that we cannot as a rule obtain full information as to the reasons why anything is done in the executive branch, or even in the legislative branch, by more or less casual notice we take of newspaper comments or newspaper articles, which very rarely can, in the very nature of things, give the background for action that is contemplated or is taken.

Mr. President, that is all I care to say about that subject. I do not desire to consume the time of the Senate discussing the bill now before us. However, I do wish to take occasion to make one statement. With much the Senator from Georgia has said I find myself in great sympathy. I think it would have been desirable on the part of all of us if we could have avoided the necessity of doing some of the things we have been required to do, not by any pressure from individuals or agencies, but because of the pressure of events over which we had no control, and over which we now have no control. It would be a wonderful thing if we could take ourselves back even beyond 1929, if we could wipe out the last 10 years, so that there would be no collapse of our financial institutions, so that there would be no collapse of our industrial fabric, so that there would be no unemployment in the United States. It would be a wonderful thing if we could have slept through all these years and not have experienced the things with which we have come in contact. But that was not to be. We had to live through them, and we are compelled to live through conditions which now beset us—conditions which we



did not produce, conditions over which we had no control, and over which we have no control now, because we are the victims of world events and world conditions, and we must take note of that fact, and we cannot escape it.

One of the reasons why Great Britain is now in her dire distress and extremity is that the people of Great Britain were more anxious to balance their budget and to keep down taxes than they were to prepare for what is now happening, with England and the greatest city in the world as the object of attack. I do not draw any irrevocable, inflexible comparison between the situation of Great Britain, which is only 20 miles across the English Channel from the continent of Europe, and the situation of the United States, which is 3,000 miles from that scene. But I dare say that if the people of Great Britain could call back 4 years, when a few voices crying out in the wilderness, were trying to persuade the people of Great Britain that they were in danger, the actions of the British people and the British Government would have been entirely different from what they were and are, and the results of their actions would be entirely different from what is happening today, and we would not now be harrowed by the daily news that helpless men, women, and children, and the property of men, women, and children, which has been in existence in some instances for centuries, are being ruthlessly destroyed because England was not ready for the emergency although it has always seemed to me that any sensible man or any sensible people with their eyes open should have seen what was on its way.

I wish we could balance our Budget. I have been, frankly, one of those who have voted for appropriations which kept it out of balance, much as I desire a balanced Budget, much as I regret to have to vote in favor of increased taxes. As the Senator from Georgia knows, we have been working most of this session, at one time or another, on some form of increased taxes, and I agree with his calculation that a bill we have heretofore passed, which will raise a billion, and ultimately the bill we are now considering, and which we hope to take up in the Senate before the end of this week, will probably raise another billion by the end of this year. At least, I hope it will.

It would have been a wonderful thing if we had not had to do this, but regardless of our regret and our remorse, regardless of what we might have done in years gone by that was different from what we did, we are faced with a situation which we cannot ignore, and I think we are bound to conclude, as desirable as balanced budgets and low tax rates are, that there are some things more valuable; there are intangible values, imponderables, incalculable equations in the history of every nation, which cannot be measured by any yardstick of dollars and cents.

I think we are now in the midst of one of those situations. We could very well sit by and say, "What is the use?" We are safe. It is true that all of Europe is being dominated by a certain school of thought which has been able to carry itself forward by military prowess and genius and superiority. It is true that there is still a little island over there which is putting up a game fight, and may win. But all that matters little to us. We are safe; our institutions are beyond approach and beyond danger. Our economic life is subject to no encroachments from any source in the world."

We might still sit under our own vine and fig tree, we might still enclose ourselves within our own shells and not move out or recognize conditions. But we cannot do that, we have not done it, and we are not doing it. The American people are not willing to do it; they are not willing to have their representatives here do it. It is because the American people have not been willing for us to do that that we have voted \$15,000,000,000 for our national defense.

I am convinced from my contact with those whom I represent in this Chamber in part, that the American people are ahead of us in their desire to protect our institutions. I do not mean that the men in Kentucky, Georgia, Pennsylvania, New York, Delaware, and Colorado are more interested than we are, more patriotic than we are, but I think probably we have been a little more cautious, we have been a little more tender-

footed in our approach to this problem than the great masses of the people have been as they have noticed what has been taking place in the world.

We have gone pretty rapidly when we did take hold of the power; we have gone much further in the past few months than any of us anticipated we would have to go or would go; but we have been driven by the force of events; we have been driven by an avalanche of world conditions which we did not produce and which we could not prevent in spite of all our efforts.

#### EXPANSION OF LENDING AUTHORITY OF EXPORT-IMPORT BANK

The Senate resumed the consideration of the bill (S. 4204) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Mr. BARKLEY. Mr. President, with reference to the bill now before us, I suppose it would be impossible to write into the law the details of every sort of loan which might be made and every contract which might be entered into between the Export-Import Bank and those who would become the debtors of the Export-Import Bank. But that is no more true in regard to these loans than it has been with regard to all the loans made by the Export-Import Bank, the Reconstruction Finance Corporation, and all the other lending agencies which we have set up.

We do know that, as a matter of fact, South America and Central America should be our natural customers, they should be a part of our economic life no less than they should be a part of our hemispheric and defensive life, as we have in recent months emphasized. But we do know that, although South America and Central America should have been our customers all the time, they have not been to as large an extent as they would have been or might have been if our Nation and our people and our financiers had been in a position or had been willing to grant to them the same sort of credit which has been granted to them on the part of other nations.

Reference has been made to the fact that some of these countries owe us money which they have not paid; and that is true. They owe us that money very largely because in the boom days American sellers and agents of bond houses and banks went out and persuaded the American people to invest their money in South American and Central American securities. They did the same thing with respect to domestic securities, and I doubt very much whether what the people have lost or may lose on account of what we have loaned to Central America and South America will be half as much as they have lost or will lose because they were persuaded to buy domestic securities on the assurance of the same agencies which sold them the South American and Central American securities. The Export-Import Bank has been making loans to some of the South American and Central American countries, and there exists today an amount not exceeding \$20,000 of overdue paper owing to the Export-Import Bank on account of loans heretofore made.

The trade between South America and Central America and other countries has been disrupted because of the war. Those countries have not been able to sell their products to European nations, and there are millions upon millions of dollars, if not hundreds of millions of dollars worth of their products which are now piled up, without a market for their sale. It happens that in many cases the markets of the world, which have been receiving products of South America and Central America, have likewise been receiving products of the United States, and when the war shall end, no matter how, every nation with a surplus that cannot be disposed of domestically including the United States, will be looking for markets in all parts of the world.

The prices obtained in foreign markets may depend to some extent, and probably will, upon the degree of salability of these surplus products, and upon the ability of a particular nation to compete with other nations in the world market in order that it may dispose of its surplus, or there may result such a dumping of products on the world market as to drive down the prices not only of products of South American and Central American nations, but of products of the United States as well.

Mr. Jones, in his testimony before the committee, having in view that possibility, made this statement:

We might in some instances lend for the carrying and orderly marketing of their surplus agricultural products in order to avoid the necessity of selling at sacrifice prices.

If the nations of South America and Central America are required to sell their surplus products at sacrifice prices because they cannot carry them and feed them to the market as the market will absorb them, of course our products will suffer a like decline in price, and therefore we will sell our products in the world market in competition with the Central American and South American countries, and they will be selling in the world market in competition with us, and it is, of course, impossible to imagine that we can sell our products in the world market at a price higher than the South American and Central American nations can sell theirs.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TAFT. Does not the Senator think that we could, at a discount of \$500,000,000, and a good deal less, sell our products in the world market at a fair price?

Mr. BARKLEY. No; I do not think so, and if the Senator has in mind the possibility of appropriating to American producers \$250,000,000 or \$500,000,000, instead of lending it to South American and Central American countries, I doubt very much if he would vote for such a bill if it were presented here in behalf of the American producer.

Mr. TAFT. I think that on the whole I approve the theory of export subsidies, and for an export subsidy infinitely lower than \$500,000,000 I believe we could accomplish twice as much as we could by trying to hold up the world price of commodities coming from 20 different countries in South America and Central America.

Mr. BARKLEY. Of course, I assume the Senator believes that, but sincere as he is in his statement, I should have to have additional evidence before I would be convinced of the accuracy of his theory.

I quote further from Mr. Jones:

Some South American products, particularly wheat, corn, meat, and cotton, come in direct competition in world markets with products of the United States, and it is in the interest of American producers that cutthroat competition be avoided where possible.

That is what I have been talking about.

Temporary aid in carrying such surplus will contribute to orderly marketing and lessen the necessity of barter arrangements which, once undertaken, are difficult to stop.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. ADAMS. Will the Senator illustrate how that is to be accomplished? I am interested in the statement that Mr. Jones made as to how cutthroat competition is to be avoided by the loans. I am interested in a little further explanation, if the Senator can give it.

Mr. BARKLEY. I read from page 1 of the bill:

(1) To assist in the development of the resources, the stabilization of the economies, and the orderly marketing of the products of the countries of the Western Hemisphere by supplying funds—

And so forth. I assume under that language and it is undoubtedly so contemplated, that loans will be made in South and Central America to enable those who are holding products to hold them still longer in order that they may not be required to dump them on the world market below a fair price.

Mr. ADAMS. Would that have the effect of increasing further production?

Mr. BARKLEY. I do not think so.

Mr. ADAMS. We saw in the United States when we took off the market certain products that we stimulated further production. I believe we should be a little careful not to aggravate the disease.

Mr. BARKLEY. Yes; I agree with the Senator that we must be careful, and the Export-Import Bank must be judicious in making the loans. But if an individual or a group of individuals have on hand surplus commodities which have been already produced and awaiting some orderly market, I doubt very much whether the lending of money to them in

order that they may carry the commodities still further, without selling them at cutthroat prices, will induce them to produce more of the same products and pile up additional surpluses.

Mr. ADAMS. Unless the effect of the loan was to keep prices up at an artificial level. If the prices were to be kept at an artificial level, production would be stimulated.

Mr. BARKLEY. I do not think it is intended to keep prices at an artificial level, but to keep them at a normal level instead of allowing them to go down so abnormally and artificially low as to bring about demoralization of markets all over the world in which our people are economically and financially interested.

Mr. ADAMS. I am interested in the mechanics of how it will be worked out.

Mr. BARKLEY. Yes; the mechanics will have to be worked out by the Export-Import Bank itself.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McKELLAR. The Senator from Colorado [Mr. ADAMS] said that prudence and care was necessary in management of this matter, and I agree with him entirely; but the question I want to ask the Senator is this: Is it not true that Jesse Jones is one of the most careful, one of the most prudent, one of the most level-headed businessmen we have ever had in charge of any department? Is that not well known to everyone? Has not the record of the management of the bank shown that Mr. Jones is a prudent and careful businessman, and that losses have been exceedingly few and far between?

Mr. BARKLEY. The tribute paid Mr. Jones by the Senator from Tennessee is well deserved, as we all know. Regardless of anyone's views as to the wisdom of the proposed legislation, I think we all have confidence in the business acumen and ability and judgment of Mr. Jones, who has been head of all these lending agencies.

Mr. ADAMS. I thoroughly agree in the encomium on Mr. Jones, but are we in such a situation that the whole economic program depends on the continuance of Mr. Jones in his present position? If the program is sound, it should not depend on one man.

Mr. BARKLEY. I do not contend that Mr. Jones is the only man in the United States who could operate this lending agency, nor do I think he would contend that he is the only man who could do so, but he is the man who has done it, and he has done such a good job that it is really difficult for us to visualize the possibility of finding another man who has done as good a job as Mr. Jones has already done.

Mr. ADAMS. We are spreading him out rather thin, are we not, by giving him another job?

Mr. BARKLEY. I think it would take more than the secretaryship of the Department of Commerce to thin him out very much.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. VANDENBERG. I concur in the compliment paid to Mr. Jones; but is not this the first time we have authorized Mr. Jones to make loans without adequate security, and, by eliminating the requirement for adequate security, are we not virtually instructing Mr. Jones that under the policies which we are now launching we have a "political" purpose—I use the expression in respect to our international relations—rather than the purpose of sustaining the collection record which has heretofore been so excellent?

Mr. BARKLEY. The question of adequate security which, in one of our laws amending the Reconstruction Finance Corporation Act, was described to be such security as to be reasonably expected to produce repayment, may not apply in all the loans that are to be made under the bill. We have gradually been getting away from the rigid provisions contained in the original law, which required adequate securities of almost the same nature as the securities required by a commercial bank.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WAGNER. There is absolutely no change, so far as the requirements with respect to security are concerned.



From the time we first established the Export-Import Bank, there has been no definite requirement with respect to any particular kind of security. So we are not changing that at all.

Mr. BARKLEY. There is nothing in the bill which changes the policy.

Mr. WAGNER. We are not changing the policy at all.

Mr. BARKLEY. All the bill does is to increase by \$500,000,000 the lending ability of the Export-Import Bank for the purposes stated in the bill; but it does not in any way change the provisions with respect to security.

Mr. WAGNER. That is correct.

Mr. GILLETTE. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. GILLETTE. Another question has been bothering me in connection with the pending measure. Is there anything in the provisions of the bill as drafted which would prevent the use of the money loaned to enable the countries to which it is loaned to market their surplus production in competition with our own products? May they not sell them anywhere in the world?

Mr. BARKLEY. There is nothing in the bill which attempts to prevent other countries from selling their products wherever they can; but there is a specific intention and a direct suggestion in the bill that money may be loaned in order to enable countries to avoid the necessity for selling their products in an unfavorable market, and therefore affecting our economy as well as that of the entire world.

Mr. GILLETTE. At the same time, there is nothing to prevent their use of the money to finance the marketing of their surpluses in competition with our products.

Mr. BARKLEY. Of course, the purpose for which each loan is made will have to be worked out within the terms of the law, between the country, or agency, or national and the Export-Import Bank; but I do not suppose there is anything in the bill which specifically refers to that situation. However, it is inconceivable to me that the Export-Import Bank would make loans to any South or Central American country primarily and exclusively in order to enable that country to market its products in competition with ours.

Mr. GILLETTE. However, that might be the effect.

Mr. BARKLEY. It would all depend on the contract.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WAGNER. A short time ago the Senator read the testimony of Mr. Jones, in which he emphasized that this authority would protect American agriculture against the terrific drop in the foreign market because of surpluses existing in other countries. So, whatever contract is made will protect American agriculture. Therefore, provision would have to be made for the proper protection of our agriculture.

Mr. GILLETTE. Mr. President, will the Senator yield for a further statement?

Mr. BARKLEY. I yield.

Mr. GILLETTE. I will say to the Senator from New York that with respect to security, we are absolutely dependent upon the provisions of the request which Mr. Jones submits for the approval of the President.

Mr. WAGNER. As stated by Mr. Jones, it is clearly the intent of the legislation to protect American agriculture.

Mr. GILLETTE. I am sure of that.

Mr. WAGNER. We must trust the administration to somebody.

Mr. BARKLEY. Mr. President, I do not desire to take further time, but I wish to call attention briefly to the fact that during the first 10 months of the war our exports to South and Central America constituted one-fifth of our entire exports to all the nations of the world. Our gain in those 10 months, compared to the corresponding 10 months of 1938 and 1939, amounted to 43 percent.

Mr. TAFT. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Does the Senator from Kentucky yield to the Senator from Ohio?

Mr. BARKLEY. I yield.

Mr. TAFT. Does not the Senator realize that that circumstance arises from the fact that European supplies have been cut off?

Mr. BARKLEY. Of course, I realize that.

Mr. TAFT. The same thing occurred in the World War; and it is the inevitable result, which will last as long as the European supply is cut off.

Mr. BARKLEY. Of course, that is true; but what I am contending is that we ought not to lose that trade when the war is over. We ought to be in a position to keep it. We ought to be in a position to send our products into Latin American countries after the war is over, and not simply depend upon their inability to buy elsewhere because of the war.

Mr. TAFT. Mr. President, will the Senator further yield?

Mr. BARKLEY. I yield.

Mr. TAFT. Does not the Senator realize that unless we buy South American products we cannot hope to sell our products to South America? If we buy from South America only 35 percent of our imports, in the long run we cannot expect South American countries to buy from us more than about 35 percent of their imports, no matter what means we take to promote our exports.

Mr. BARKLEY. I realize, of course, that we cannot continue to sell to other nations without buying from them. Not only is that true of South and Central America, but it is true of every market. We cannot continue to sell to them and not buy anything from them; but we can buy from them things which we do not ourselves produce, or which we do not produce in sufficient quantities to meet our needs.

No doubt it will be a surprise to many Senators to realize what an undeveloped market there is in South American countries for American products. The State of Pennsylvania alone has almost as much mileage of good roads as has the whole of South America. There is a market for road materials and machinery. The State of Pennsylvania has three times as many automobiles registered as has all South America. Although Brazil alone is larger than the United States, there are more automobiles registered in the State of Pennsylvania than in all South America. There is a wide market for the products of American industry.

Last year one store in the city of New York held a special sale and sold one-fourth as many radios as are sold in all South America in an entire year. That is not a bad prospect for a market. There are only two and a half to three million radios among the 120,000,000 people of South America, while we have 40,000,000 in the United States.

I mention those as only a few of the things which South American countries do not produce, which they will buy from us in return for things which we do not produce, such as rubber, tin, certain types of iron ore, and things which we do not produce in quantities sufficient for our own use.

I have been reliably informed that the German Reich, anticipating that the war would be over in time for it to carry out its contracts, had made contracts with various South American countries to begin the delivery of certain German products on the 15th day of September, which is next Sunday. I think the resistance of the British Empire has brought about some miscalculation in Germany's ability to deliver such products. But the point is, are we, the largest, richest, and most populous country in the Western Hemisphere, while we are trying to bring about Western Hemisphere solidarity which will protect our interests and those of our neighbors, willing to sit by and permit this infiltration and disintegration to go on under our very noses without taking steps to counteract it or taking advantage of the situation for our mutual benefit in the northern and southern continents?

I have been reliably informed that the Hitler government has made advances toward certain South American nations by holding out the prospect that when the war is over Germany will have innumerable pieces of military equipment of various kinds which she will not need, and that she has even offered to give to some of those countries as much as \$20,000,000 worth of military equipment, which she could very well do.

That raises the question whether or not, in the interest of Western Hemisphere solidarity, the cooperation which has been brought about in the conferences at Montevideo, Habana, and Lima—conferences which have been fostered by our great Secretary of State, Mr. Hull—has brought about a better understanding among the Western Hemisphere nations and has dissipated the suspicion which has existed for such a long time, that all we are interested in is taking something from them and giving them nothing in return. In my opinion a wonderful opportunity is presented to make good on our professions of friendship and our willingness to cooperate and help coordinate our economic and industrial life, having in mind at the same time the political repercussions which we cannot ignore in these various relationships.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TAFT. I understand that the Senator desires to increase American trade, and he says that the good-neighbor policy has done so. Is the Senator aware of the fact that from 1917 to 1930, inclusive, our trade with South America was bigger every year than it was in 1939? Is the Senator aware of the fact that the ordinary methods, through assistance to private enterprise, have invariably succeeded better than Government assistance in the promotion of Government loans in South America?

Mr. BARKLEY. I do not concede the accuracy of the Senator's last statement; but even with the increase in our exports to South America during that period, they were infinitely lower than they might have been if there had been the same degree of cooperation between our country and those countries as has been indulged in by other countries which went in and got the lion's share of the market.

Mr. President, I have no desire to take further time. For the reasons which I have stated, and many others which might be assigned, I am in favor of the bill and opposed to the amendment offered by the Senator from Ohio, and hope it will be rejected.

#### INVESTIGATION OF ENROLLMENT METHODS, CIVILIAN CONSERVATION CORPS

Mr. BYRNES. Mr. President, I did not wish to interrupt the Senator from Kentucky while he was speaking with reference to the Civilian Conservation Corps matter. I shall take only 3 or 4 minutes at this time to attempt to keep the record straight with reference to that appropriation.

To those Members of the Senate who believe that boys should not be recruited at this time for the Civilian Conservation Corps, I wish to say that the President of the United States asked for \$50,000,000 less than the Congress appropriated for that corps.

When the appropriation bill went to the House, it was pointed out that it meant a reduction of 273 camps. From the information we received in the Appropriations Committee, persons in the communities where the camps were located who were interested in the continuance of the camps immediately brought pressure to bear upon their Congressmen. The estimate was for \$230,000,000. The House Committee reported the bill at \$230,000,000, and on the floor of the House the appropriation was increased to \$280,000,000. The House added to the bill \$50,000,000 more than the President had asked for. The Senate Appropriations Committee reduced the appropriation by \$25,000,000. When the bill came to the floor of the Senate, the Senator from Wyoming [Mr. O'MAHONEY] led the fight for an increase; and the Senate, by a vote of 43 to 14, restored the full amount which had been appropriated by the House, which was \$50,000,000 more than the President of the United States had estimated for this particular service.

We may as well be frank with each other. Whenever an attempt was made to reduce the amount of money, a demand for the full amount came from the communities where the camps had been established throughout the country. From the different communities where soil-conservation projects and forestry projects were being maintained by the Civilian Conservation Corps there came the demand for the full

amount, and Congress provided the funds which brought about the recruiting of the organization up to the number of men referred to in the discussion here today. If we complain of anybody, we must complain of ourselves if anyone thinks too many boys are being recruited.

The House added \$50,000 to the bill, which the Senate Appropriation Committee reduced to \$25,000,000. The Senate decided that they would be just as fair as the House had been, and added the other \$25,000,000, thus restoring the \$50,000,000 which had not been estimated for by the President.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. BYRNES. I yield to the Senator from Wisconsin.

Mr. WILEY. Is not this the situation? There has been no criticism about the C. C. C. camps as far as they have operated. They have done a great job; but the time when that money was voted and when they considered the number that would come into the camps was before the crisis developed, and before there was any thought of conscription, or any thought of calling for an increased number of volunteers. Is it not also true that when we were talking about the preparedness program we said that while we were voting all this money, we expected that there would be savings in other lines, such as the C. C. C., the W. P. A., and other activities of the Government?

Mr. BYRNES. There is not any doubt that when the President submitted his Budget he used substantially the language which is now used by the Senator from Wisconsin. He based his action on the ground that inasmuch as he was asking for an increase in the Army and Navy he would ask for a reduction of \$50,000,000 in this particular appropriation. The Congress said, "Mr. President, we heard you about the increase for Army and Navy; we will grant that, but we will grant this, too;" and we added the \$50,000,000.

Mr. BARKLEY. Mr. President, will the Senator from South Carolina yield to me?

Mr. BYRNES. Yes.

Mr. BARKLEY. I have just received a letter from Mr. McEntee enclosing a memorandum which he thinks is the memorandum which the Senator from Colorado referred to as a campaign for the enlistment of C. C. C. enrollees. I should like to read Mr. McEntee's letter. It is only two paragraphs.

Mr. BYRNES. I will yield the floor, and the Senator may do so.

Mr. BARKLEY. The letter is as follows:

CIVILIAN CONSERVATION CORPS,  
OFFICE OF THE DIRECTOR,  
Washington, D. C., September 10, 1940.

HON. ALBEN W. BARKLEY,

United States Senate, Washington, D. C.

DEAR SENATOR BARKLEY: This is the memorandum which I believe Senator JOHNSON is talking about. It was forwarded to all Civilian Conservation Corps State selecting agencies for their guidance.

The corps never has carried on a recruiting campaign. We are not carrying on one now. There are always more applicants available than there are vacancies.

Sincerely yours,

J. J. MCENTEE, Director.

I should like to have printed, in connection with the letter, the first paragraph of the act establishing the Civilian Conservation Corps, approved June 28, 1937.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

*Be it enacted, etc.,* That there is hereby established the Civilian Conservation Corps, hereinafter called the Corps, for the purpose of providing employment, as well as vocational training, for youthful citizens of the United States who are unemployed and in need of employment, and to a limited extent as hereinafter set out, for war veterans and Indians, through the performance of useful public work in connection with the conservation and development of the natural resources of the United States, its Territories, and insular possessions: *Provided,* That at least 10 hours each week may be devoted to general educational and vocational training: *Provided,* That the provisions of this act shall continue for the period of 3 years after July 1, 1937, and no longer.

Mr. ELLENDER. Mr. President, awhile ago, when I rose to ask that the resolution of the Senator from Colorado [Mr. JOHNSON] be referred to the Committee on Education and Labor, I had in mind not a delay in the investigation, if it is



necessary, but that if any committee should consider the resolution, certainly the committee which helped to draft the law, and to which the original bill was referred, should have jurisdiction.

The Senator from Kentucky [Mr. BARKLEY] has just referred to the memorandum which forms the basis of the complaint of the Senator from Colorado [Mr. JOHNSON]. I call the particular attention of Senators to the fact that there is very little difference between the so-called new ruling made by Mr. McEntee and that which existed just prior to that time.

It will be recalled that when the C. C. C. law was first enacted, the only enrollees eligible were those young men on relief and war veterans. In 1937 the law was amended so that enrollees did not have to be on relief. The law provides that—

\* \* \* C. C. C. is established \* \* \* for youthful citizens \* \* \* who are unemployed and in need of employment.

Several regulations were made following the passage of the 1937 law. One provided for the enrollment of young men from families who were in need but whose names were not on the relief rolls. Later another modification of the existing regulations was made so as to permit the enrollment of young men from families whose incomes were below the normal standard of living in the community of the applicant's family.

Now let us examine the new ruling that forms the basis of this discussion. I quote from the memorandum of Director McEntee:

For the purpose of C. C. C. selection the phrase "Unemployed and in need of employment" shall be understood to cover unmarried junior applicants otherwise qualified by age, citizenship, fitness, and character; not in attendance at school, nor on temporary vacation therefrom; not possessing other regular or full-time employment, and who need the employment, the job training, the educational, and other opportunities available in the Civilian Conservation Corps.

In the same memorandum appears a definition of "need," and I read from the memorandum:

The word "need" used in this connection has its customary meaning of inability to provide such opportunities out of his own or his family's resources.

Mr. President, that language should make it plain that if the parents of an applicant are able to give their son the same facilities he can obtain at the C. C. C. camp, he will not be eligible. How can it be argued that the doors are thrown wide open for all applicants, no matter how wealthy their parents may be? Permit me to further point out that applicants must show their own inability, out of their own resources, to obtain such facilities in order to make themselves eligible.

Again permit me to point out that I just spoke to Mr. McEntee, and he stated that it is the policy of his department, that where there were two or more applicants, to take in the enrollee whose family was most in need. Therefore, as I have just pointed out, I can see little difference in the new ruling from what existed prior thereto.

Mr. President, further debate is not necessary. The memorandum of Director McEntee is clear and concise and I ask unanimous consent that it be printed in the RECORD following my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

CIVILIAN CONSERVATION CORPS,  
OFFICE OF THE DIRECTOR,  
Washington, D. C., August 14, 1940.

From: J. J. McEntee.  
To: W. Frank Persons.

It is important that the meaning and scope of the change in Standards of Eligibility and Selection for Junior Enrollees, as announced on July 17, 1940, should be fully understood and uniformly applied during the October and later enrollments.

I appreciate the fact that, with very few exceptions, this change in regulations has been accurately publicized by the State and local selecting agents. It remains to make certain that the public shall become fully and accurately informed. This objective will require careful and continuous attention on the part of each of our State and local representatives.

Prior to the recent change in eligibility standards, enrollment in the junior contingent of the corps was limited to young men whose families were on relief, eligible for relief, or whose incomes were below the normal standard of living in the community from which the youths were to be enrolled.

During the early years of the corps enrollment was limited strictly to young men on relief and war veterans, the latter group constituting about 10 percent of the C. C. C. The act of June 28, 1937, extending the life of the Civilian Conservation Corps, opened the way for the enrollment of young men who were not on relief. This law simply stated that "the Civilian Conservation Corps is established for the purpose of providing employment, as well as vocational training, for youthful citizens of the United States who are unemployed and in need of employment."

Immediately following passage of the 1937 act, the entrance regulations of the corps were revised to permit the enrollment of young men from families who needed aid but whose names were not on public-relief rolls. Later these regulations were modified to permit the enrollment of a third group which consisted of young men from families whose incomes were below the normal standard of living in the community in which the applicant lives.

The latest modification in the regulations defining the terms "unemployed and in need of employment" reads as follows:

"For the purpose of C. C. C. selection the phrase 'Unemployed and in need of employment' shall be understood to cover unmarried junior applicants otherwise qualified by age, citizenship, fitness, and character; not in attendance at school, nor on temporary vacation therefrom; not possessing other regular or full-time employment, and who need the employment, the job training, the educational, and other opportunities available in the Civilian Conservation Corps."

It is important to have in mind the new definition of "unemployed and in need of employment." This new definition is the heart of the new regulation. The final clause of the new definition specifies that in order to be eligible the applicant must "need the employment, the job training, the educational and other opportunities available in the C. C. C." The word "need" used in this connection has its customary meaning of inability to provide such opportunities out of his own or his family's resources. In other words, while it is not necessary that the family be in a relief status or unable to maintain a normal standard of living in order that the son shall be eligible for enrollment, it is still the intent, as indeed the statute requires, that the enrollee shall "need" the employment and vocational opportunities of the corps. If such opportunities are fully available to him because of his own or his family's resources, he is not within the regulations and under the statutes eligible for enrollment.

The new regulation does remove a restriction upon selection of desirable and qualified young men. It opens the door to enrollment to a new group of unemployed youths who have energy and ambition and who need the opportunities for work and training which the corps provides. It is vital that the vacancies in the camps should be filled by young men who will make the most of those opportunities.

It would be a splendid thing if every young American could be given the opportunity to serve for 6 months or a year in the healthful, outdoor atmosphere of the C. C. C. camps. The discipline, the orderly routine of camp life, the training facilities, the constant medical attention, and the inspiring leadership found in every C. C. C. camp could not help but leave their imprint upon every youth who enrolled. The opportunity to be of service to the Nation, especially in these times, should appeal to every young American.

We have moved, logically, one further step in the direction of selecting applicants on the basis of their own need and fitness for C. C. C. opportunities. We have, at the same time, moved further away from the application of an arbitrary standard of family income as a basis for selection.

During the October enrollment selecting agents throughout the country should apply these principles with care so that we shall obtain a group of youths who are eminently fitted to profit in exceptional degree from the fine training opportunities of the corps.

In conclusion, I wish to emphasize my hope and expectation that during the October enrollment we shall have, and make use of, the fullest opportunity to select enrollees on the basis of their personal qualifications.

J. J. McENTEE, Director.

#### EXPANSION OF LENDING AUTHORITY OF EXPORT-IMPORT BANK

The Senate resumed the consideration of the bill (S. 4204) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Mr. BARKLEY. Mr. President, it is obvious that we cannot conclude the consideration of this bill today, as we had all hoped to do.

I ask unanimous consent that during the further consideration of the pending bill no Senator shall speak more than once or longer than 10 minutes on the bill or any amendment thereto.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT] to the committee amendment.

Mr. BARKLEY. Mr. President, in view of the limitation of time, I do not believe we can get a vote on the amendment tonight.

Mr. TAFT. That is agreeable to me.

JESSE H. JONES

Mr. BARKLEY. Mr. President, the House has just passed a joint resolution, which I ask to have considered at this time.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the joint resolution (H. J. Res. 602) to authorize Jesse H. Jones, Federal Loan Administrator, to be appointed to, and to perform the duties of, the office of Secretary of Commerce, which was read the first time by title and the second time at length, as follows:

*Resolved, etc.,* That notwithstanding any provision of law to the contrary, Jesse H. Jones, Federal Loan Administrator, may continue in such office and be appointed to, in the manner now provided by law, and may exercise the duties of the office of Secretary of Commerce: *Provided,* That the total compensation to be paid him as Secretary of Commerce and as Federal Loan Administrator shall be that provided by law for the Secretary of Commerce.

Mr. TAFT. Mr. President, I do not wish to object to the joint resolution, since I have the highest respect for Mr. Jones and think he is one of the ablest men in the public service. I merely wish to call attention to the fact that Mr. Jones already probably has more power than any other man in the Government, with the single exception of the President. He has unlimited power to lend money to anyone, to any industry in the United States, or refuse to lend. We gave him unlimited power to invest Government money in any Government plant which manufactures any form of supplies or any other kind of material which has the remotest relation to war. I do not think that, with the exception noted, any man in the United States ever has enjoyed so much power. I have no great objection to giving Mr. Jones the additional power to act also as Secretary of Commerce, but I think it is an extraordinary precedent, which is justified only by the character of the man, and which I hope may not be repeated.

The PRESIDING OFFICER. The question is on the third reading of the joint resolution.

The joint resolution was ordered to a third reading, read the third time, and passed.

#### EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE REPORTS OF COMMITTEES

Mr. WAGNER, from the Committee on Banking and Currency, reported favorably the nomination of William E. Rhea, of Missouri, to be land bank commissioner in the Farm Credit Administration, vice Roy M. Reen, resigned.

Mr. BAILEY, from the Committee on Commerce, reported favorably the nominations of several deck officers to be aides (with relative rank of ensign in the Navy) in the Coast and Geodetic Survey.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The PRESIDING OFFICER (Mr. SMATHERS in the chair). If there be no further reports of committees, the clerk will state the nominations on the calendar.

#### UNITED STATES PUBLIC HEALTH SERVICE

The legislative clerk proceeded to read sundry nominations in the Public Health Service.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

#### POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc. That completes the calendar.

#### RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 13 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, September 11, 1940, at 12 o'clock meridian.

#### CONFIRMATIONS

*Executive nominations confirmed by the Senate September 10 (legislative day of August 5), 1940*

#### UNITED STATES PUBLIC HEALTH SERVICE

##### TO BE SENIOR SANITARY ENGINEERS

Arthur L. Dopmeyer	Arthur P. Miller
Edmund C. Sullivan	Frederic J. Moss

#### POSTMASTERS

##### CONNECTICUT

Evelyn M. Dwyer, Short Beach.

##### FLORIDA

Bernice Parham, Lacoochee.

##### GEORGIA

Lige Corbitt, Willacoochee.

##### KANSAS

Henry F. Schmidt, Dodge City.

Harold B. Iliff, Strong.

Howard R. Hartman, Toronto.

##### MICHIGAN

Margaret M. Moore, Bloomfield Hills.

Daniel Riordan, Crystal Falls.

Henry Matthews, Lexington.

Ben M. McElhinney, Snover.

##### MISSISSIPPI

John N. Truitt, Minter City.

##### NORTH DAKOTA

Frank W. Kelly, Devils Lake.

##### SOUTH CAROLINA

Andrew McConnell Blair, Rion.

##### WASHINGTON

Charles I. Wood, Cathlamet.

Jesse Francis Leverich, Olympia.

##### WISCONSIN

Miles P. Tierney, Boscobel.

Loretta M. Takach, Carrollville.

##### WYOMING

Joseph D. Kurtz, Yellowstone Park.

## HOUSE OF REPRESENTATIVES

TUESDAY, SEPTEMBER 10, 1940

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore, Mr. RAYBURN.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, our Heavenly Father, Maker of all things pure, Author of all life and Judge of all men, abide with us in the fullness of Thy mercy and wisdom. Do Thou possess our hearts and minds, enabling us to resist evil and overcome difficulty. Amid turbulent conditions and mental disquietude, Oh, speak to men everywhere, without qualification or exemption: "I am the way, the truth, and the life"; touch the deep powers of their souls. To our fathers' God, we humbly pray for an overcoming faith in truth and freedom; from ocean to ocean may our land own Thee as Lord. Oh, protect, preserve, and bless the soul of our Republic;



for our country's weal we humbly appeal to Thee. Father of mercy and love, abide with our Speaker and grant that the Congress may ever cultivate a free, brotherly, and wholesome interchange of thought and be led to receive the injunction of the Psalmist: "Hope thou in God." In the blessed name of our Saviour. Amen.

The journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2009) entitled "An act to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes."

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 4164) entitled "An act to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training"; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SHEPPARD, Mr. REYNOLDS, Mr. THOMAS of Utah, Mr. MINTON, Mr. AUSTIN, and Mr. BRIDGES to be the conferees on the part of the Senate.

#### EXTENSION OF REMARKS

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech made by Dr. Nicholas Murray Butler. The speech exceeds the limit a little bit, and I have an estimate from the Public Printer.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. ELLIS. Mr. Speaker, I ask unanimous consent that after the reading of the Journal tomorrow and the disposition of business on the Speaker's table and the legislative program of the day I may be permitted to address the House for 15 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

#### EXTENSION OF REMARKS

Mr. MACIEJEWSKI. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an article entitled "It's a Wonderful Privilege To Be an American."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that I may correct my remarks of Saturday last, commencing at page 5509 Appendix of the RECORD, and to further extend and rearrange and renumber the questions and answers in my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein two short editorials.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to make two insertions in the RECORD, first, on Federal-aid highway apportionment for 1942 and 1943, and also a letter relative to highways.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein remarks I made yesterday before the House deficiency appropriations subcommittee.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. GEHRMANN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therewith a brief editorial.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. THORKELOSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an article relative to a book by Albert Bushnell Hart, professor of government, Harvard University, entitled "School History of the United States."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. THORKELOSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include two articles, one relative to a book by William Backus Guiteau, director of schools, Toledo, Ohio, entitled "Our United States"; and the other about a book entitled "Burke's Speech on Conciliation," edited by O. H. Ward, Taft School, Watertown, Conn.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

#### SIX YEARS OF BACK INCOME TAXES FOR EMPLOYEES PAID WITH FEDERAL-AID FUNDS

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, my attention has been called to the fact that under a 1934 ruling by the Treasury Department and a section of the revenue bill of 1940, all State employees who are paid by Federal funds in a way that they are considered paid directly or indirectly by the United States or any of its agents or instrumentalities will be subject to retroactive taxation on their income-tax returns back to 1934. This, I have been told, will include employees of State highway departments, unemployment compensation commissions, and other agencies of that character. No penalty, other than interest, attaches if payment is made before March 15, 1941. Before that date, Congress should study the situation, Mr. Speaker, and determine the equities in the matter.

I have a letter from the Assistant Secretary of the Treasury on the matter and I ask unanimous consent, Mr. Speaker, that I may place this letter in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

#### EXTENSION OF REMARKS

Mr. THORKELOSON. Mr. Speaker, I want to call attention to the fact that this last request of mine is slightly over the two and a half pages or two pages, but I have an estimate here from the Public Printer.

Mr. COCHRAN. Mr. Speaker, reserving the right to object, what is the estimate?

Mr. THORKEKELSON. Two pages, \$90.

Mr. COCHRAN. Mr. Speaker, the gentleman from Montana has used thousands and thousands of dollars of space in the RECORD. I do not know what he puts in the RECORD, because I have never read one word of it, but the gentleman had three requests yesterday and now he wants two more and he desires to set aside the rules of the House. I think it is time to call a halt. The taxpayers are paying this money. Why is the gentleman not satisfied to cut out some of this matter to come within the rule?

Mr. THORKEKELSON. Your own New Deal has cost the taxpayers over \$51,000,000,000.

Mr. COCHRAN. Never mind about the New Deal. Now we have a rule that governs the RECORD and for the time being I am going to object, because I would like to see the gentleman bring his remarks within the legal limit.

Mr. THORKEKELSON. They are within the legal limit.

Mr. COCHRAN. The gentleman just said it was over the limit. He states the remarks will cost \$90 additional.

Mr. THORKEKELSON. These remarks are within the legal limit.

Mr. COCHRAN. I object, Mr. Speaker.

GOLD

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. RICH. Mr. Speaker, if you take the daily statement of the Federal Government issued by the Secretary of the Treasury September 6 you will find that there is \$20,971,382,767.25 worth of gold buried down at Fort Knox, Ky., and in the New York assay office. What good is that gold? Seventy percent of the world's gold held by whom? Held by the Federal Government. What good is it going to be? Why do you not make distribution of it to the people of this country as formerly to individuals and to banks? It is not any good as far as the Government is concerned to own 100 percent of the world's gold and bury it in the earth, and I say it is worthless stuff. Great Britain went off the gold standard 9 years ago. France went off the gold standard 4 years ago. On February 1, 1934, when you devalued the gold dollar, you then paid \$20.67 an ounce for gold, and you increased it to \$35; you made a profit of \$3,000,000,000, for you had on hand \$4,034,867,780 in gold at \$20.67 per ounce. Then you said it was worth \$35 an ounce, and you then had \$7,018,263,295 in gold, gold, gold, gold. Folly, folly, folly. New Deal blunders. Who made the profit? The foreign countries made the profit out of most of their valueless gold. Now our Nation owns it, and unless we see that it gets some use it is worthless stuff. I say we should permit the people to own it and get some use at the hands of our own people, at least, for other nations have no use for it. It is now a beacon light of dictators to acquire a part of it, and it may be one object of attack by a dictator to get a part of it. It requires an army to stand by to guard it, a great cost daily to our Government. This Treasury statement also reveals that we are going in the red millions daily. We have created the greatest national debt in the past 8 years than any period in our history. We have not been within one and one-half billions of dollars of a balanced Budget.

[Here the gavel fell.]

#### EXTENSION OF REMARKS

Mr. LEMKE, by unanimous consent, was granted permission to extend his own remarks in the RECORD.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

#### POLITICAL FORECAST

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, it seems that I have developed into a political forecaster. I am the only Member of the House who told you a year in advance that Wendell L. Willkie would be a candidate for President on the Republican ticket.

Now, then, since he seems to change his position every time he goes on the radio or into the press, I am constrained to suggest what should be his next change. He has already come out for rural electrification, after fighting it for years, and, according to this morning's paper he has come out for the draft to be put into effect at once, and against the voluntary provision. I make the bold prediction that if he is at all consistent his next change will be the most appropriate one, that is, to come out for President Roosevelt for a third term. [Applause.]

[Here the gavel fell.]

#### EXTENSION OF REMARKS

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and insert a radio address which I gave last night over WMAL and also an excerpt from the Washington Post.

The SPEAKER pro tempore. Is there objection?

There was no objection.

#### HOUSING IN CONNECTION WITH NATIONAL DEFENSE

Mr. COLMER. Mr. Speaker, I call up House Resolution 594.

The Clerk read as follows:

#### House Resolution 594

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of the bill (H. R. 10412) to expedite the provision of housing in connection with national defense, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Buildings and Grounds, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from Mississippi is recognized for 1 hour.

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I may require.

The SPEAKER pro tempore. The gentleman from Illinois is recognized.

Mr. ALLEN of Illinois. Mr. Speaker, the gentleman from Mississippi has so ably stated the purpose of the bill, and so completely, that it does not leave a great deal for any of the rest of us to say. Sufficient to say that this bill provides for housing units in our national-defense program, \$150,000,000. It has been sponsored by the War Department, by the Navy Department, and by the Council for National Defense. Admiral Moreell appeared for the Navy Department, Major Wilson for the War Department, and Mr. Carmody, Administrator of the Federal Works Agency, for his agency. Anyone reading the hearings cannot but be convinced that these facilities are needed. For several years I personally have followed the work of Mr. Carmody. I do not believe there is a Member here who does not know that Mr. Carmody has handled with ability every task that has been entrusted to him, carried it out in an able, honest, and fair way. I am particularly pleased that Mr. Carmody will be in charge of this, because it will assure that fairness, efficiency, and honesty will govern in the carrying out of this work.

There has been little if any opposition on the part of the Public Buildings and Grounds Committee. This bill was unanimously reported by the Rules Committee. From my



personal experience and observation of the situation at the Savanna, Ill., proving ground, which is close to my home city, I know they need additional facilities there. In a statement by Major Wilson which appears on page 65 of the hearings he says they need 200 units at Savanna, Ill. The gentleman from Illinois [Mr. JOHNSON], in whose district is located the Rock Island Arsenal, states they have asked for 1,800 units at Rock Island; and at Rantoul, Ill., in the district of the gentleman from Illinois [Mr. WHEAT], they have asked for 470 units.

Personally, I have heretofore been violently opposed to the general U. S. H. A. and their program of slum clearance in which they have spent and wasted so many billions of dollars—these gentlemen and I have been opposed to that sort of thing, but we are convinced that in these congested localities where they are bringing mechanics and others to work on the national-defense program there is an acute shortage and great need for additional facilities.

I hope the rule is granted without delay and that the resolution itself will pass.

Mr. MILLER. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. MILLER. I understand that under this national defense housing program it is planned to go into communities, and I am concerned about its effect on the communities. Will the local authorities have anything to say at all about the type of housing? I want to make this clear. These national-defense plans have gone out of the larger cities into more rural areas. I have in mind the small town of East Hartford, a very beautiful old residential town. It would be unfortunate to have the Federal Government go in there and build the same type of housing, for example, that they build under the U. S. H. A. program. I believe that the authorities who will be in charge of this housing program should be subjected to local restrictions so that they may not go in and play havoc with existing localities.

Mr. ALLEN of Illinois. I do not believe the operations under this bill will interfere with local real-estate people who own apartments and homes. It is planned to provide these facilities where congested areas make it necessary. I am sure proper judgment will be used.

Mr. MILLER. Will they have to live up to the local zoning regulations?

This bill does not state that. This bill, however, provides that the Federal Government in lieu of taxes shall pay an annual sum.

Does not the gentleman believe it would be well to amend the act so the Federal Government would have to respect the local zoning restrictions and not, for instance, be allowed to erect an apartment building in an area restricted to single houses?

Mr. ALLEN of Illinois. I would think that would be one of the considerations.

Mr. KEEFE. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. KEEFE. I call attention to section 10 in response to the question of the gentleman from Connecticut, which reads:

\* \* \* This act shall not deprive any State or political subdivision thereof of its civil and criminal jurisdiction in and over such property.

Would not the gentleman conclude that would be interpreted to mean that the Federal Government subjects itself to the civil jurisdiction of the community to establish zoning ordinances and such things?

Mr. ALLEN of Illinois. I would say that was a proper interpretation.

Mr. KEEFE. I think that is what it means.

Mr. ALLEN of Illinois. Section 9 provides:

The Administrator may enter into any agreements to pay annual sums in lieu of taxes to any State or political subdivision thereof.

This was inserted in the bill on the theory that the local authorities would have to furnish police and fire protection and that the Federal Government should reimburse them for this extra and added work.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield? Mr. ALLEN of Illinois. I yield.

Mr. CRAWFORD. I find some language in this bill which is very difficult for me to understand. It appears in section 1 of the bill that the Federal Works Administrator, acting through the Public Buildings Administration, is authorized to do thus and so. In Rear Admiral Moreell's testimony on page 5 of the hearings, I notice where he states that the Bureau of Yards and Docks of the Navy Department has developed standard floor plans for single-family and two-family units which it appears will cost around \$1,993 per house.

Mr. ALLEN of Illinois. That is right.

Mr. CRAWFORD. Based on what I have been able to find out about the governmental agencies, in building these dwelling units, family units, that \$1,993 figure is the lowest I have been able to get any information on anywhere for living units of the type referred to.

If the Bureau of Yards and Docks of the Navy Department is in position to build family units or single-dwelling houses at around \$2,000 each, why does this bill turn this dwelling-unit proposition over to the Federal Works Administrator and carry in it provisions authorizing him to spend from \$3,000 to \$4,000 per family unit, which, as I understand the bill, is exclusive of the expense of administration and the acquisition of public utilities and community facilities? Where is there any Government agency that can begin to build houses at as low a cost as the Bureau of Yards and Docks of the Navy Department indicates it can, according to Admiral Moreell's testimony? Can the gentleman give us any information on that at all?

Mr. ALLEN of Illinois. All I can say with regard to that is because it will be necessary to build some of these units in Alaska and other places where it is much colder and there will be a greater cost. They have not limited Mr. Carmody to the smallest amount. I believe the gentleman from Michigan will agree that Mr. Carmody has in the past kept very low the cost, and there will be no question about him doing this in a cheap, economical manner.

Mr. CRAWFORD. If I may say to the gentleman, I will never agree that Mr. Carmody can build houses suitable for these employees at as low a figure as \$1,993. I do not believe he will do it, and I think those costs will certainly exceed the \$3,000 to \$4,000 limitation in the bill.

May I ask the gentleman about this testimony, also. On page 7 of the hearings, I understand from Admiral Moreell's testimony that machinists, mechanics, and skilled men who have been brought here to Washington to work at these high wages which are paid them, and I am not kicking about those wages, are leaving Washington and refusing to work on the ground, as he puts it, they cannot find a place in which to live that they can afford to pay for. If our Government clerks who are drawing from \$1,150 on up as high as they go can live in these houses in Washington and pay the rent, why cannot these skilled mechanics pay the rent which they have to pay in Washington, and why do they leave the city as the admiral said? I think that testimony needs some expanding.

Mr. ALLEN of Illinois. I read that carefully, as well as the discussion between the gentleman from Wisconsin [Mr. SCHAFER] and the admiral, where they disagreed a great deal. I do not know who would be better able to know the needs of these people than Admiral Moreell would be, and I do not know why he would say that if it were not true.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. As a member of the committee who listened to the testimony at these hearings, may I say that Admiral Moreell did not know what he was talking about when he spoke of the scarcity of homes in the District of Columbia. If the navy yard skilled workers are leaving the navy yard in Washington because they cannot obtain housing facilities, as the admiral indicated, that is a valid reason why the Government should use the expansive and expensive Greenbelt housing project, to which Uncle

Sam now has title, in order to provide housing for those navy yard defense workers. I would suggest that before any more skilled navy yard workers leave Washington, that the admiral advise them to buy a few of the Washington newspapers in which they will find many pages of advertisements which reveal that many homes are available for sale and for rent, including apartments, rooms, and houses.

Mr. EBERHARTER. Will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. Every Member of the House knows that rents are very high in the District of Columbia. Every Member of Congress practically has had this experience. If these skilled mechanics who come here to Washington to work in the navy yard find they must pay more rent here than they do perhaps in industrial cities back home, naturally they feel, what is the use of paying more rent in Washington when I can go back home in my own district and live perhaps by paying \$15 a month less rent? That is one of the reasons for Admiral Moreell's testimony along these lines. If you consider it from that angle, I do not think we should criticize the admiral's testimony on that point.

The gentleman from Michigan [Mr. CRAWFORD] stated that it is difficult for him to believe that the Navy can construct a house for \$1,993. The proof of that is in the fact that already 50 houses are 60 percent completed, and the cost will not run more than \$1,993, and, according to the testimony, will run less than \$1,993 per house. The fact that it is actually being done below the estimate of \$1,993, with the houses practically 60 percent complete, I think, is a complete answer to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Speaker, in the first place I made no such statement, and the gentleman can refer to my original remarks. If he does he will find he is entirely in error. I referred to the testimony with reference to the Bureau of Yards and Docks of the Navy Department, pointing out that they claimed they were building them for \$1,993 and I raised the question why this bill carries an allowance of three to four thousand dollars per unit, transferring the job to the Federal Works Administration, when the Bureau of Yards and Docks of the Navy Department can build them for \$1,993. In no way have I said they could not build them for that, because I know they can build these houses for that amount. I have built some houses myself.

Mr. EBERHARTER. I am sorry I misunderstood the gentleman.

Mr. CRAWFORD. The admiral states on page 9 of his testimony, as follows:

Yes; we are dealing with realities here. These mechanics come here to Washington and try to find a place to live. They cannot find a place to live and they leave. It is hard to get a good mechanic to stay here unless he can find a decent place to live.

Now, I know something about rental costs in this town, and I know something about what is available, because I make it my business to go around and look. If we do not understand what it costs these people to live in Washington, we do not understand our job. So if you will watch the grocery stores and the cost of rents, you will know what is going on in the average man's mind from an economic standpoint.

This bill carries provisions in section 6 with reference to moneys to be derived from rentals or operation of property acquired or constructed. What rate of rent is to be charged for these houses that will be built? Are we going to put up \$3,000 or \$4,000 houses and rent them to these skilled mechanics for \$15 or \$20 a month and let the taxpayers of the country bear the burden, or are they willing to pay what Government clerks, for instance, have to pay? I think we need a lot of information on this bill.

Mr. ALLEN of Illinois. I understand that it is to pay for itself, and after the defense program is completed this property will be sold to private individuals. Is that correct, may I ask the gentleman from Texas [Mr. LANHAM], the chairman of the committee?

Mr. LANHAM. Yes. May I say to the gentleman that it is absolutely impossible to fix a certain standard of rentals because these buildings will be different in character, owing to their location, and the same rental would not apply to all.

May I say with reference to the District of Columbia that it is contemplated that very little of the amount authorized in this bill will be used in the District of Columbia. The purpose of this bill is primarily to provide housing for civilian workers out at the various plants and establishments where we are preparing for our national defense.

Mr. ALLEN of Illinois. As listed on page 65. That gives a good example of the different units and places they are to be built.

Mr. LANHAM. On page 14 of the hearings you will find a statement with reference to some of the Navy needs. On page 65 of the hearings you will see a statement with reference to some of the Army needs. May I say that the great bulk of these needs is being supplied through the \$100,000,000 appropriation made just a few days ago in the defense measure. About 93 percent of that appropriation of \$100,000,000 has already been allocated in 31 States and in the Territories to carry on particularly this Army and Navy construction. There is in that, in addition to the figures shown by the Army and the Navy, more units for the Army than are printed in that table, and approximately 120,000 units for civilian workers. This bill is intended primarily to take care of these civilian workers scattered throughout this land.

Mr. THOMASON. Mr. Speaker, will the gentleman yield in order that I may ask my colleague a question?

Mr. ALLEN of Illinois. I yield to the gentleman from Texas.

Mr. THOMASON. Does this bill include housing for any troops?

Mr. LANHAM. This bill provides, of course, that there may be housing for enlisted men in the Army and Navy because, although that will be looked after primarily under the \$100,000,000 appropriation made the other day, there may be some of the enlisted men or employees of the Army and the Navy who will be delegated to carry on some of the work under this construction.

Mr. THOMASON. Does this bill then carry with it the authority for the erection of more buildings, either temporary or permanent, on existing army posts?

Mr. LANHAM. No. That was the principal purpose of the \$100,000,000 that was appropriated the other day, \$93,000,000 of which has already been allocated.

May I say that it is the purpose of the Government to recoup, certainly, a very large part of this money by disposing of these houses, many of which will be temporary in nature, after the emergency has passed. The latitude in the costs of the dwellings involves two or three different features. In the first place, in isolated communities where there is a plant away from a town or because temporary dwelling units will be constructed, they will not be expensive. In a congested area in the suburbs of a city close to a plant, for instance the shipbuilding industry at Newport News, where the buildings can be sold afterward for dwelling units in that community, a little better type of construction should be had because we want to recoup as much of this money as we can for the Treasury.

Mr. ALLEN of Illinois. I may say in answer to the gentleman that on page 5 Admiral Moreell states:

The Bureau of Yards and Docks has made a survey of naval-housing requirements to determine the number of units needed. This survey indicates that there will be approximately 18,000 dwelling units required for enlisted personnel and 48,000 units required for civilians.

That gives the gentleman an answer.

Mr. THOMASON. In case the necessity exists there is nothing in this bill, however, to prohibit the War Department from using some of this money for necessary housing, whether it be either temporary or permanent?

Mr. LANHAM. There is not.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?



Mr. ALLEN of Illinois. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Is it not true that it would be better to have the Navy Department undertake the building of these houses, inasmuch as they could do it more reasonably?

Mr. ALLEN of Illinois. I am not sure of that. I believe that with Mr. Carmody working in conjunction with the National Defense Committee—and it is contemplated that they will work in coordination—perhaps that will be better than having the Navy do it, because this construction is going to be done all over the country. In addition, I would say the Navy Department already has a big assignment of immediate work to do.

Mrs. ROGERS of Massachusetts. Buildings can go up at Fort Devens in my district, an Army fort?

Mr. ALLEN of Illinois. That is possible under the provisions of this bill.

Mr. LANHAM. Of course, this appropriation has to do more with construction for civilian workers.

Mrs. ROGERS of Massachusetts. Yes; but it could be used for those in the Army?

Mr. LANHAM. Parts of it could; yes.

Mr. KELLER. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Illinois.

Mr. KELLER. Is it the idea that these buildings are for people who are to be called into certain places where there is a lack of labor as well as a lack of housing?

Mr. LANHAM. That is correct.

Mr. KELLER. What is the justification for doing that, when situations exist like that in my district, where there are 28,000 people on relief? I am asking the Army and the Navy to consider giving some work there, showing them that we would not have to build a single solitary house. We are spending \$26,000,000 a year to keep the coal miners of 6 counties, mostly, from starving.

Mr. ALLEN of Illinois. That is a separate question for the gentleman to take up, perhaps, with the War Department but not in connection with this matter.

Mr. KELLER. What I want to call the gentleman's attention to is that there is no sense in building houses for men who already have houses and there is no sense, insofar as I am able to see it, in putting these works where men will be called in who have not houses when you can put them where the men are and where they have houses. When men are on relief and crying for work, why not put the men there? That is a matter for this Congress to consider, certainly.

Mr. ALLEN of Illinois. That is right.

Mr. HOFFMAN. Pass another Guffey Coal Act and you will drive all of them out of work.

Mr. BROOKS. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. BROOKS. Does this constitute any part of the civilian housing program?

Mr. ALLEN of Illinois. Not to any big degree at least, but, of course, any time you build houses, in a way it does affect the general program, but the ones who are supporting this measure are certainly not for the United States Housing Administration, where they are spending billions of dollars in direct competition with real-estate owners who own apartment buildings and houses.

Mr. COFFEE of Nebraska. Is it contemplated under this bill that the rents to be charged will be comparable with the rents on privately owned houses in these various sections?

Mr. ALLEN of Illinois. That is the understanding of everyone I have discussed this with.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. SCHAFER of Wisconsin. The gentleman from Illinois [Mr. KELLER], made an exceptionally fine point. Out in the great Middle West we have many cities in which re-

side the best of mechanics, cities which have the best of transportation, and factory facilities and plenty of homes in which to house workers in the defense-expansion program. We have just received a report from Milwaukee, Wis., a large industrial city, where we have thousands of homes which are now available and new ones being constructed. We have many vacant manufacturing facilities and thousands and thousands of available skilled and unskilled workers. It is absolutely absurd to have the Government go into an expensive and expensive socialistic housing program in order to furnish homes in the name of national defense when we have homes and industries available in and adjacent to the large industrial cities in which reside many skilled mechanics, as well as unskilled workers, many of whom have been unable to find a job for the past several years.

Mr. LANHAM. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman.

Mr. LANHAM. Of course, it will be the policy of those in charge of the administration of this act to use available housing whenever they can find it, but I do not think it is for us to determine the policy of the Army and the Navy as to where certain of these plans should be located. That is a matter of national defense, and you cannot pick up some item of national defense and just move it here, there, and yonder. There is a specific place and a strategic place for it, and they are scattered all over this country.

Mr. ALLEN of Illinois. I agree with the gentleman. For instance, they may let a contract to build some ships and, if that contracting company wants to build them in Connecticut they certainly should not be compelled to build them out in Indianapolis.

Mr. LANHAM. To be sure, and I can cite another instance quite in point. For instance, housing is contemplated here for workers at a powder factory that is being established. That cannot be in any city or in any town. It has to be in a secluded, isolated district, and the housing will have to be available. You cannot take a plant of that kind, with the incidental risk that always attends the operation of such a plant, and place it in some of these congested sections where housing may be available.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. MICHENER. As I understand, this bill is before the Congress primarily because the National Defense Commission asked that it be here.

Mr. LANHAM. Both the National Defense Commission and the Army and the Navy.

Mr. MICHENER. I am leaving out the departments. This is a bill that the National Defense Commission has asked Congress to pass in aid of national defense.

Mr. LANHAM. That is correct.

Mr. MICHENER. It does seem that inasmuch as this legislation is asked for, and inasmuch as the purpose is to have private industry and private initiative furnish these homes, if and when private initiative can or will, then I do not see why we should be quibbling about it. It is necessary that we have these homes for these defense workers.

Mr. LANHAM. The testimony is to the effect that private capital and private industry will be invited and urged to do as much of this as they can, and there is one incidental feature of it that may be attractive to private industry.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. SCHAFER of Wisconsin. The gentleman mentioned powder plants. Let us keep the record straight. Our almost bankrupt Federal Treasury is called upon to furnish hundreds of millions of dollars in the form of subsidies to erect new powder and munitions plants and still I have here a Washington paper, the Evening Star of July 3, 1940, which states that 132 carloads of our Army's TNT was recently sold and sent to a belligerent foreign country 3,000 miles across the sea. We are now asked to appropriate from our almost bankrupt

Federal Treasury many millions of dollars to provide housing for workers who are to manufacture some more TNT.

We are asked in the name of national defense to spend millions of dollars under this bill to provide homes for additional workers in the navy yards and private shipyards after voting billions of dollars to provide additional ships for our United States Navy. And still the New Deal brethren sell 50 of our essential naval vessels to a foreign belligerent nation, 3,000 miles across the sea, in violation of international law and the law of the United States.

This same course is followed with reference to artillery, rifles, airplanes, and everything else which a nation at war needs. In view of the record it would appear proper to change the title of this bill so that it would be truthful. The title should properly state that it is a bill to raid our almost bankrupt Federal Treasury to the tune of \$150,000,000 in order to increase the defense and offense of foreign belligerent European nations.

Mr. LANHAM. The gentleman ought to be gratified by the provision in this bill that allows us to recoup much of this money by the sale of this property when it has served its purpose.

Mr. GEHRMANN. Will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. GEHRMANN. There is no doubt that we need additional housing facilities, but I agree with the gentleman from Illinois [Mr. KELLER] and my colleague the gentleman from Wisconsin [Mr. SCHAFER] that we do have a lot of facilities that could be utilized. In my own district we have one of the largest Du Pont powder plants in the country. They employed over 4,000 people during the World War. They are not expanding that plant now. There are hundreds of vacant houses all around that neighborhood. I do not know why they could not increase the orders and use those facilities before they waste time and money for new plants.

Mr. ALLEN of Illinois. I think the War Department and the Navy Department will take those things into consideration. Naturally, I feel that the expenditure of the national-defense program should be allotted as far as possible to the different localities.

Mr. GEHRMANN. I would like to mention one more thing, and that is shipbuilding. We have one of the largest shipyards on the Great Lakes located at Superior. During the war they had three shipyards operating 24 hours a day. There is not a single ship being built there now, and I have used every possible means to inform the authorities of these facilities. We have hundreds of expert shipbuilders there. They are gradually drawing them out of that country and bringing them into these concentrated areas where they do not have housing. I know they cannot build a big battleship, but they did build all kinds of ships up to 500 feet in length, which the Navy needs, such as mine sweepers, mine layers, and all kinds of auxiliary ships. They are not building a single one there now. They always say, "We are going to use those facilities." Why could they not use them when they are now ordering hundreds of that type of ship that could be built and we have the men there and we have thousands of empty houses?

[Here the gavel fell.]

Mr. COLMER. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker—

Mr. CROWE. Will the gentleman yield? I wish to make an inquiry.

Mr. SABATH. I gladly yield to the gentleman.

Mr. CROWE. I wanted to ask the gentleman if it is not a fact that, for instance, a powder plant that would be constructed at an isolated place, naturally, there would not be housing adequate to take care of the workers in that plant, and that would be one instance where it would be necessary to acquire housing to take care of the people who would work at that plant, somewhere near the vicinity.

Mr. SABATH. The gentleman is right.

Mr. KELLER. Will the gentleman yield?

Mr. SABATH. I am glad to yield to my friend.

Mr. KELLER. May I suggest the gentleman is entirely wrong and I will show that he is wrong.

Mr. SABATH. I will say that wherever a powder plant is to be erected it must be erected miles and miles away from the populated sections, and consequently there are no housing facilities there. Housing facilities must be provided. For instance, if I am not mistaken, there will be a powder plant erected somewhere near the district of the gentleman from Indiana [Mr. CROWE], in Kentucky. I am informed that there is no housing within 20 or 25 miles of that site. Consequently there must be some housing provided.

Mr. KELLER. What plant is the gentleman referring to?

Mr. SABATH. A powder plant.

Mr. KELLER. Where?

Mr. SABATH. At Charleston, Ind.

Mr. McLAUGHLIN. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman.

Mr. McLAUGHLIN. The President, in an address to the Congress, stated that facilities would be placed in the Midwest, where they would be safe from attack, and would be at advantageous positions geographically. If the gentleman's statement is correct, it is not essential that adequate housing be at the places where these powder plants are to be erected, but under this bill, if passed, powder plants may be erected and the housing may be supplied by the Government at the site of the plants. Is that correct?

Mr. SABATH. That is what is intended.

Mr. McLAUGHLIN. One more question.

In my particular section of the Middle West a survey has been made for the purpose of determining whether adequate housing facilities exist. That has been named as a condition precedent to the establishment of a powder plant in any given area. If this bill is passed and if adequate housing does not happen to exist at any particular point, the Government can make up that deficiency under this bill by erecting the housing itself. Is that not correct?

Mr. SABATH. Correct. The gentleman is right.

Mr. McLAUGHLIN. So that in the event housing does not exist, that is not a bar to the location of a powder plant in the Middle West?

Mr. SABATH. The gentleman is right.

Mr. KELLER. Will the gentleman yield?

Mr. SABATH. If the gentleman will permit me to go on, I may yield to him later.

Mr. GORE. Will the gentleman yield to me just there?

Mr. SABATH. I wish to make a statement, but I yield to the gentleman from Tennessee.

Mr. GORE. I wish to say that I have worked with Mr. Palmer, who has charge of the housing for the National Defense Commission, and I can assure you, Mr. Speaker, that there is definite need in several places for housing for defense workers.

This, of course, is not a subsidy proposition. You may recall that I opposed continuation of the United States Housing Authority on the 60-year subsidy plan, but this is an entirely different matter. It is an answer to a need which is urgent, and I for one expect to support the rule and to support the bill.

Mr. SABATH. I thank the gentleman, because I know he has devoted a great deal of study and attention to the housing needs of the Nation. I am pleased to know that he is in favor of the bill. In fact, Mr. Speaker, any Member who is thoroughly familiar with the provisions of the bill cannot help but support and vote for it.

The Committee on Public Buildings and Grounds had this bill before it for 2 or 3 weeks. It studied the bill, amended it, and tried in every way to properly and adequately safeguard the interests of the United States. I feel that the administration of the bill has been placed in safe and competent hands. I join with the gentleman from Illinois in expressing faith and confidence in the competency of Mr. Carmody, the Federal Works Administrator, under whose jurisdiction, with the collaboration of Mr. Palmer, who was also mentioned by the gentleman from Illinois [Mr. KELLER], the work will be carried out.



It is essential that workers in the plants having to do with national defense should have adequate and proper housing facilities. I recollect, as I am sure most of you do, how during the war contracts were awarded so fast and to such an extent that thousands upon thousands of workers in the plants were without housing facilities. We must not permit a repetition of such conditions.

The gentleman from Nebraska [Mr. McLAUGHLIN] has called our attention to the advantageous availability of the Middle West in connection with our defense program. I agree with him wholeheartedly that it is absolutely necessary for proper defense that some of the new activities should be brought to the Middle West and our few such existing plants there be enlarged; and I am assured that will be done. In many places of the Middle West, however, housing will be imperatively required.

I am not going to consume any more time, except to say, as did the gentleman from Mississippi [Mr. COLMER], who presented this rule, that we must properly safeguard the workers in this important preparedness program. Moreover, we must not ignore the general public, the people of America, including especially the workers, who may not be so fortunate as to work with and for the Government. We must not lag in our successful endeavors to improve the conditions of the workers of America, regardless of where they are employed, because we must have a contented and satisfied people with a strong and enduring morale. Not only do we need hundreds of guns, vessels, airplanes, and such things, but we must have trained men to use them, we must have men who will energetically and efficiently support the Army and the Navy. I believe, consequently, we should not retard the initiation and progress that have been made toward providing proper housing facilities for all the wage earners of America whether they are engaged on Government or private work.

Mr. SCHULTE. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. SCHULTE. It is contemplated building in my district several thousand tanks, which will employ between 2,000 and 3,000 men in that great area. It is a foregone conclusion that there is not anyone in that particular district who can finance all of the housing that will be needed to take care of these 2,000 or 3,000 families if we do not get some assistance from the Federal Government. Is it not a known fact that unless we do provide these additional houses, the owners of present properties will increase the rent from 25 to 30 or even 40 percent on the tenants who now occupy them?

Mr. SABATH. The gentleman is right. It is from just such people, big property owners, that opposition to the housing and slum-clearance program has come; and their opposition has been grounded on a fear that the Government program would force them to reduce rents or prevent them from raising rents as they desire. It was for that reason they unjustly and unfairly belittle and attack the United States housing program.

Under the able direction of Mr. Carmody this program will be supervised efficiently and costs will be minimized to the fullest extent consistent with good business practices.

The statement has been made that Rear Admiral Moreell, Chief of the Bureau of Yards and Docks of the Navy Department, did not know anything about general living conditions. I do not know whether he knows anything about living conditions in Washington. While I have had contacts with the admiral only 3 or 4 times, by all the eternal verities, I never met a more efficient, capable, and harder-working officer and engineer than is Rear Admiral Moreell. If he does not know all about housing in the District, that is probably the only thing with which he is not familiar. He, as a representative of the Navy Department, has recommended this legislation; a representative of the office of the Chief of Staff of the War Department has recommended this legislation, and the National Defense Council has recommended the legislation. There should be no question, in my opinion, as to the immediate passage of the bill. I hope, however, that the Federal Works Administrator will be given the power to use any and all present agencies in the prosecution of this pro-

gram. This is one condition I have insisted upon and still insist upon. With that, Mr. Speaker, I conclude.

I yield back the remainder of my time.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

#### EXTENSION OF REMARKS

Mr. LANHAM. Mr. Speaker, I ask unanimous consent that I may be given permission to revise and extend the remarks I shall make on this bill and to include therein certain excerpts and quotations from other documents.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. SABATH. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein certain excerpts from documents.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

#### HOUSING IN CONNECTION WITH NATIONAL DEFENSE

Mr. LANHAM. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 10412) to expedite the provision of housing in connection with national defense, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the bill, H. R. 10412, with Mr. BOEHNE in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. LANHAM. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, there has been some confusion and misunderstanding with reference to the terms and the purposes of this measure. There appeared before the Committee on Public Buildings and Grounds representatives of the Navy Department, representatives of the War Department and of the Council for National Defense, urging the necessity for the construction provided in this measure, and also accentuating the point that speed is essential. It is essential for more reasons than one, but there is one which will readily occur to you, and that is that with winter coming on it is important to obviate at these plants and establishments any likelihood of a recurrence of the epidemic of flu or other diseases which occurred during the World War. Let us not permit that to happen for the lack of proper housing.

In the defense appropriation bill considered a few days ago, \$100,000,000 was appropriated primarily for the use of the Army and the Navy for housing at their regular establishments. Of the \$100,000,000 so provided for defense housing by H. R. 10263, approximately \$93,000,000 has already been tentatively allocated for the use of the Army and Navy in approximately 110 locations spread over 30 States, Hawaii, Panama Canal Zone, Puerto Rico, and Guantanamo in Cuba for the urgent needs of the Army and Navy, and providing approximately 10,000 units at naval stations or Army posts, with an additional 16,000 off the reservations to care for the families of defense workers whose housing requirements would not otherwise be met.

In this measure, we consider primarily the needs of our country with reference to housing for civilian workers, and laborers who will be employed in various capacities in connection with plants that have been established, plants that are in operation and plants that will be established and that will be in operation in proper preparation for our national defense. Some of these are in isolated localities where no housing is available; some of them are in localities more or less congested where little housing is available, and it is the purpose of those in charge to use all of the available housing that can be fitted into the picture of the program of national defense, but it will not be adequate, nor will it be adequate, according to the representations made before our committee, to use the funds provided in this bill and the funds which

have been provided in other measures. In other words, these various measures represent the minimum necessary for proper and adequate housing in the matter of national defense.

In order that there may be no possibility of scandal or reputed scandal that mansions have been erected under this measure here, there and yonder, the committee and those in charge of the defense program thought it wise to incorporate a maximum amount for any individual dwelling unit. This amount differs, of course, with reference to the continental United States and some of our territorial possessions, because it can readily be seen that in Alaska, for instance, and perhaps in Hawaii, where transportation costs are greater for materials, and where climate has quite an effect upon the character of building that is necessary, there will be more need for structures which will cost more money than in some parts of the continental United States. There is established an average of \$3,000 per unit.

It is the expectation of those in charge of the work that this building cost will fall far below that figure so far as the construction of these buildings is concerned. From the standpoint of cost, it is estimated now that they can be built for approximately \$2,000 to \$2,200 per unit; however, in isolated instances there may be circumstances which will make it necessary to increase the expenditure above \$2,000 or \$2,200. For instance, in sections of certain cities that will have to be used because they are available to existing plants or plants to be constructed the dwelling unit will have to be of a little finer character than in some isolated community.

When we bear in mind that it is the purpose to recoup as much of this money as possible by disposing of the property as soon as the emergency has passed, it can readily be seen that a certain character of dwelling will be necessary in certain localities to insure not only a decent dwelling and quarters for the workers in those localities, but for a fair opportunity to dispose of the property when the emergency has passed. Although these houses can be built at the present time for less than the amounts specified in this bill, may I call attention to an excerpt from an article which appeared recently in a magazine in this country that goes rather thoroughly into matters of this character. This magazine was published in September of the present year and there appears this excerpt from the War Industries Board report of 1917-19, which graphically recalls the rise in commodity prices which then took place. This is the excerpt from that report of the War Industries Board:

An average weighted index of commodity prices during the war years shows that from a level of 100 in 1913 they rose to 144 by December 1916, and by March 1917 they had reached 156, and within a month jumped 14 points higher. Some individual commodities were increasing even more rapidly. By March 1917 the average price of metals was 247 in comparison to the 1913 standard of 100, and by July had reached a peak of 333. Foods rose from 142 to 167, clothing from 157 to 187, and chemicals from 159 to 180 during these first 3 months of American participation.

We cannot anticipate, in view of this past history, just what increases in building costs may arise during the operation of this act. Consequently, it would not be wise or prudent to fix the maximum cost at what the maximum cost would be at this time. There must be some leeway.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Arkansas.

Mr. TERRY. Has the gentleman any information as to whether or not there has been any appreciable rise in building costs within the last couple of months, say, since this program has been initiated?

Mr. LANHAM. I do not know that there has been, but I know that the testimony before the committee is that at present they can construct these buildings for an average cost of \$2,000 to \$2,200; in some instances a little more than that, but at that average cost, and they expect to do that. However, they must have some leeway by reason not only of conditions in prices of materials that may change, but also with reference to conditions in certain localities.

Mr. TERRY. For instance, I was in Alaska recently, at Anchorage and Fairbanks on a trip inspecting the Army air

bases there, and I found that the housing condition in those cities is very acute. There are not sufficient quarters for the officers and the families of the men.

Mr. LANHAM. I may say to the gentleman that it is contemplated under this bill that some construction will be done there. Of course, it will be readily understood that that is the reason we placed a little higher limit of cost outside of the continental United States.

Mr. TERRY. I was going to say that prices there would probably be a great deal higher than in continental United States.

Mr. LANHAM. They will be, and for that reason we make that allowance in the bill.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Mississippi.

Mr. COLMER. The bill as written does not specifically refer to housing for workers engaged in building ships for the Maritime Commission, which is, of course, a part of the national defense. I understand, though, that the bill is broad enough in its terms to cover those workers. Is that correct?

Mr. LANHAM. The gentleman and I have discussed that matter, in which he has a very proper and solicitous interest. I consulted with those in charge and was advised that it does include housing of that character, without specific provision for it.

Mr. COLMER. I thought that was the case but I merely wanted to make a record of it. I thank the gentleman.

Mr. LANHAM. Let me bring this to your attention, and under leave to extend my remarks I shall insert this statement in the RECORD. These are reported needs for defense housing by States, after deducting the need which is taken care of by the \$100,000,000 appropriated in H. R. 10263, which is the defense appropriation measure that was before us a few days ago. The information I am giving here comes from the National Council of Defense. All figures are necessarily approximate. They exclude some 40,000 additional needed dwelling units which the Army has reported it will require, but which have not yet been specified, and also exclude an unknown immediate volume of industrial defense housing in the larger cities. I may say that the 40,000 additional housing units for the Army are not included in the statement by Major Wilson for the Chief of Staff on page 65 of the hearings. These are States in which at present such housing is contemplated, and the present need, including the 40,000 further units needed by the Army, is estimated at 160,000 units.

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I yield myself 5 additional minutes.

These are the States, and in this statement will be seen the number of units provided for each of these States in the defense appropriation bill passed recently and the balances that remain:

Alabama, Alaska, Arizona, California, Canal Zone, Colorado, Connecticut, Cuba, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Philippine Islands, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Virgin Islands, Washington, and West Virginia.

	Total need reported Sept. 10, 1940	Need to be taken care of by H. R. 10263	Balance
Alabama.....	2,100	250	1,850
Alaska.....	300	—	300
Arizona.....	180	180	—
California.....	12,400	3,825	8,575
Canal Zone.....	5,000	2,000	3,000
Colorado.....	300	175	125
Connecticut.....	10,800	100	10,700
Cuba.....	400	200	200
Delaware.....	40	40	—



	Total need reported Sept. 10, 1940	Need to be taken care of by H. R. 10235	Balance
District of Columbia	1,000	600	400
Florida	3,200	1,350	1,850
Georgia	1,100	900	200
Hawaii	3,000	1,050	1,950
Idaho	100	100	—
Illinois	4,800	700	4,100
Indiana	500	35	465
Iowa	500	500	—
Kansas	125	125	—
Kentucky	1,000	300	700
Louisiana	400	—	400
Maine	500	150	350
Maryland	3,400	2,140	1,260
Massachusetts	2,600	750	1,850
Michigan	470	470	—
Mississippi	100	100	—
Nebraska	500	—	500
Nevada	50	50	—
New Hampshire	2,200	200	2,000
New Jersey	5,500	675	4,825
New Mexico	150	150	—
New York	6,100	250	5,850
North Carolina	300	150	150
Ohio	2,500	—	2,500
Oklahoma	350	350	—
Oregon	100	100	—
Pennsylvania	7,400	—	7,400
Puerto Rico	980	980	—
Philippine Islands	50	50	—
Rhode Island	3,000	838	2,162
South Carolina	1,900	555	1,345
South Dakota	50	50	—
Tennessee	2,900	—	2,900
Texas	4,700	1,975	2,725
Vermont	60	60	—
Virginia	12,000	3,585	8,415
Virgin Islands	50	50	—
Washington	1,900	750	1,150
West Virginia	2,500	450	2,050
Total	109,555	27,308	82,247

So it will be seen that this is not a measure designed for any particular part of the country. Some of these various establishments for strategic reasons will have to be put inland, and consequently this is by no means confined to our seaboard, but has to do with our country in general, allowing each part of it to participate in this important matter of national defense in accordance with its qualifications and the resources available.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. I am particularly interested in naval housing on naval reservations. Do I correctly understand that such a housing program will be carried on under the Navy Department, or is a separate and independent agency going to carry on that work?

Mr. LANHAM. Under the appropriation bill recently passed, the Army and the Navy were authorized to use \$100,000,000 in carrying on their necessary construction, and they were permitted by the amendment offered by the gentleman from Virginia [Mr. Woodrum], which was adopted, to use any agencies of the Government in carrying out that construction.

Mr. BATES of Massachusetts. That is outside of this bill?

Mr. LANHAM. That will be outside of this bill by reason of the fact that the greater amount of funds under this measure will be used for civilian workers.

Mr. BATES of Massachusetts. But not on naval reservations?

Mr. LANHAM. The provision in the bill with reference to the purposes for which it will be used appears in section 2, that—

The term "persons engaged in national-defense activities" shall include (1) enlisted men in the naval or military service of the United States; (2) employees of the United States in the Navy and War Departments assigned to duty at naval or military reservations, posts, or bases; (3) workers engaged or to be engaged in industries connected with and essential to the national defense.

Consequently some of the men of the Army and some of the men of the Navy could be used in carrying out this work. I may say in that regard that it is the desire to use every

agency that can be used. It is the desire to use private industry, insofar as possible, and private capital, insofar as it can be attracted to this construction. The thing of prime importance is getting this thing done; consequently every pertinent agency that can be of advantage to that end will be employed.

Mr. BATES of Massachusetts. That is what I have in mind, where the Navy at the present time has a very excellent set-up to carry on a housing program within their own reservations.

Mr. LANHAM. Yes.

Mr. BATES of Massachusetts. Why should not some of this money be set aside for use by the Navy without any interlocking?

Mr. LANHAM. They have that under the \$100,000,000 we appropriated in the defense bill. They have that authority absolutely.

Mr. BATES of Massachusetts. And there will be no interference at all with that?

Mr. LANHAM. Not unless they decide to interfere with themselves, because it will be left to their discretion.

Mr. MILLER. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Connecticut.

Mr. MILLER. I realize that every regulation and restriction cannot be written into the act, but I wonder if the chairman of the committee can assure us that local zoning laws and building codes will be respected.

Mr. LANHAM. I will say to the gentleman from Connecticut that those from the Departments who appeared before the committee said they were very anxious to do that and to comply with all local recommendations possible, and that in many instances their own requirements would be quite in excess of those of the localities where they would be established.

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I yield myself 5 minutes more.

But they did not want to write specific stipulations into the bill because the circumstances differ so in the various places, but it is their desire to conform with them just as far as possible, because there is a provision in this bill that where land is taken from the States and the counties and various localities, in order to get fire protection and police protection and other municipal protection, taxes shall be paid to the municipality or to the State—no higher, of course, than would be paid under ordinary circumstances—and there must be cooperation between the local authorities and the authorities designated in this measure in order to carry out efficiently and harmoniously the purposes written into it.

Mr. MILLER. I am sure that explanation will satisfy everyone.

Mr. COFFEE of Nebraska and Mr. LEWIS of Colorado rose.

Mr. LANHAM. I yield first to the gentleman from Nebraska.

Mr. COFFEE of Nebraska. As I understand it, any of the Federal agencies might be utilized in carrying on this work.

Mr. LANHAM. To this extent, it is provided in the bill, first section, that it is necessary for the President to determine that an acute shortage of housing exists or impends which would impede national-defense activities before any operation is done. And it is provided that the Federal Works Administrator, acting through the Public Buildings Administration, which we have known heretofore as the Procurement Division and which has its staff and facilities, and has had them through the years, doing construction in every State and Territory, shall be primarily in charge of this work.

Mr. COFFEE of Nebraska. My question following that is whether it is contemplated that there is any possibility that the Federal Government will be called upon for a rental subsidy should the United States Housing Authority be delegated the work of constructing some of the projects.

Mr. LANHAM. Nothing of that kind is contemplated.

Mr. COFFEE of Nebraska. Will it be possible for the United States Housing Authority to take over some of these projects and carry out their subsidy program?

Mr. LANHAM. In my judgment, it would not. For instance, I call the gentleman's attention to section 8, with the amendment that the Committee has suggested:

In carrying out the provisions of this act the Administrator is authorized to utilize employees and facilities of the Federal Works Agency and other Federal agencies, and of any local public agency, with the consent of such agency, and any funds appropriated pursuant to this act shall be available to transfer to any such agency in reimbursement therefor.

In other words, to the extent that the Federal Works Administrator would take facilities or personnel from these organizations, he would reimburse them for the facilities and the personnel used. That is the extent of the authority.

Mr. COFFEE of Nebraska. I thank the gentleman.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Colorado.

Mr. LEWIS of Colorado. The gentleman from Connecticut [Mr. MILLER] has just referred to the zoning regulations and the gentleman from Texas has answered that, I believe, very fully. How about fire regulations, and sanitary regulations of the local communities?

Mr. LANHAM. The gentleman will note that in section 11, by a committee amendment we have put in this language:

The Administrator is authorized to make such rules and regulations as may be necessary to carry out the provisions of this act, and shall establish reasonable standards of safety, convenience, and health.

It is the purpose of those who will have charge of the operation of this measure to cooperate in every possible way with municipal authorities, because they want their fire protection, they want their police protection, and other sources of security that can be afforded by the cities, but they do not wish to establish any particular standard by reason of the fact it would not fit all cases.

Mr. LEWIS of Colorado. I understand that fully. I just wish to be sure there shall be no violation of the fire regulations, or of police regulations, or of the sanitary regulations, or of the building regulations of the particular community in which these projects are to be established.

Mr. LANHAM. The speed of this program will depend very largely upon the harmonious spirit of cooperation existing between the two.

Mr. LEWIS of Colorado. I thank the gentleman.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Michigan.

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I yield myself 5 additional minutes.

Mr. MICHENER. Before the gentleman gets away from this controversy concerning the United States Housing Authority, am I correct in this, that this is a national-defense measure; that this is not one of those social reforms or uplift measures?

Mr. LANHAM. May I say in reply to my friend, the United States Housing Authority has a very different function from the functions set forth in this measure. The function of the United States Housing Authority in the first place is slum clearance and in the second place to afford decent dwelling units for low-income groups at a reasonable rental.

Mr. MICHENER. You mean that is the purpose of the act—not what they are doing?

Mr. LANHAM. That is the purpose of the act. That is not the purpose of this act. Any slum clearance that might be included in this act would have to be purely incidental, because most of the work will likely be done in isolated communities where there is no housing available, and it is not the purpose of this act, either, to afford dwellings for low-income groups except from the standpoint of housing during the time they are working for national defense, and except insofar as the houses may be available for sale for living quarters when the emergency is passed.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. MONRONEY. I am interested in the committee's amendment to section 8, which provides that in carrying out the provisions of this act the Federal Works Agency and other Federal agencies and any local public agency may be used. Is not this language so broad in its scope that they could take in almost every one of the thousands of such local housing authorities which have been promoted by the United States Housing Authority, and in the administration of this act they would be given full authority to make whatever expenditures were necessary in the upkeep, maintenance, and operation of these projects?

Mr. LANHAM. As a matter of fact, where they can use the personnel or facilities of those local housing authorities which know more about the local situation from the standpoint of housing than anyone else, it seems to me that that authority should be given; that they should use their facilities and their personnel to the extent that it is necessary to carry out the purposes of this act. The gentleman will see from the testimony of Mr. Breen, of Boston, in the hearings that some very interesting information was given by him which it was indicated by those from the Department could very well be used.

Mr. MONRONEY. There are no restrictions, then, to eliminate the local housing authorities from operating in an unlimited way on the maintenance and operation of these projects temporarily to be built?

Mr. LANHAM. The maintenance and operation is in the hands of the Administrator under this act.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. EBERHARTER. I think it might be reassuring, perhaps, to some of the Members to know that every cent spent under this bill would be under the direct control and supervision of the Public Buildings Administration, acting under the authority of the Federal Works Administrator, so that other authorities will only contribute their facilities and perhaps their personnel, but all money spent will be under the Public Buildings Administration, which was formerly under the Treasury Department, and construct really all the buildings for the Government throughout the entire United States.

Mr. LANHAM. That is correct. Mr. Reynolds has been at the head of that Division for some time, and I think many Members of Congress have found that he is most efficient and well versed in construction in every section of our country.

Mr. DARDEN of Virginia. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. DARDEN of Virginia. Did I understand the gentleman to say earlier that it is the purpose to sell these houses after the emergency has passed?

Mr. LANHAM. Yes; to sell all that they can; to dispose of them. Of course, there may be some temporary houses that cannot be sold.

Mr. DARDEN of Virginia. On the matter of limiting the cost, some of these houses are going to be built next to military reservations throughout the United States. Would it be wise to limit them to temporary houses?

Mr. LANHAM. As a matter of fact, I think that will be reduced to the minimum, because I think that most construction of that character will be carried on through the \$100,000,000 in the defense appropriation.

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I yield myself 2 additional minutes in order to answer the gentleman's question.

Mr. AUSTIN. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. AUSTIN. I have two or three brief questions which can be answered briefly. Following the suggestion of my colleague from Connecticut [Mr. MILLER], page 2, subsection (b), there, it seems to me, quite explicitly authority is given to the proper officials to disregard any community laws which may exist, and by that I refer to plumbing codes, sanitary codes, fire restrictions, and so on. The right by this



bill would be taken away from those municipalities, in my opinion, to see that their regulations were carried out. It must be taken into consideration that the proposed housing must certainly be within the vicinity of some large centers. Otherwise they would not be needed around the industrial centers. I also find in the same paragraph that right is given to override community facilities. That may mean electrical; it may mean transportation; it may mean fire prevention. Does not the gentleman think that is taking away from the municipalities and communities long-established rights?

Mr. LANHAM. I do not think so, in the spirit of it. It is very difficult, the gentleman will understand, to put into exact language something that will meet every circumstance and situation. The very thing that those in charge wish to avoid is conflict between themselves and the various municipalities and States, because, to use the parlance of the street, that would throw a monkey wrench into the whole procedure.

Mr. AUSTIN. Does not the gentleman think that a change in the exact language of the bill would be preferable to the way in which it is now worded? It absolutely takes away from the municipal authorities their rights, as established by their different codes.

Would it not be possible to use a term like "cooperate" or something of that sort instead of deliberately taking it away from them?

Mr. LANHAM. Personally, I do not think so because I think that, if there should be some slight difference or misunderstanding when they are trying to work this thing out, they ought not to be forced into some arbitrary settlement.

Mr. AUSTIN. The gentleman realizes, does he not, that the official is acting upon a code?

Mr. LANHAM. I think we have done the right thing in this bill. We have confidence in their expressed intention to economize in every way possible, because that goes to the success of their program.

Mr. AUSTIN. The gentleman realizes, of course, that the official acts upon a code, not personally; he is directed by a code.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?  
[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I yield myself 3 additional minutes to answer these gentlemen, then I must reserve the remainder of my time.

Mr. Chairman, I yield to the gentleman from Wisconsin.

Mr. KEEFE. As I understand the bill it authorizes \$150,000,000.

Mr. LANHAM. That is correct.

Mr. KEEFE. Section 5 of the bill, page 5, provides:

Where any Federal agency has funds for the provision of housing in connection with national-defense activities it may, in its discretion, make transfers of those funds in whole or in part to the Administrator.

Is it contemplated that these transfers of funds may be in addition to the \$150,000,000 authorized by this bill to be appropriated?

Mr. LANHAM. I think they would have to be in addition to the \$150,000,000 if any such funds were transferred, because nothing is contained in this bill for those agencies.

Mr. KEEFE. Does the gentleman have in mind what particular agencies have funds that it is contemplated might be transferred under section 5?

Mr. LANHAM. Personally, I do not.

Mr. KEEFE. What is the purpose of the paragraph?

Mr. LANHAM. We have tried to put in this measure provisions that are sufficiently broad to prevent any bar to the speedy completion of these projects.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. EBERHARTER. I may say here that the Army and the Navy each have some money for housing, and they could transfer it to the Administrator.

Mr. LUCE. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. LUCE. Mr. Chairman, recently an official of the State of Kentucky told me he had built several houses with septic tank, closed-in porch, creditable toilet facilities, running water, and so forth, at a cost of \$400. The gentleman must be aware that when he sets \$3,000 as the average price that the whole \$3,000 will be spent. There is no provision in the bill that it cost less.

Mr. LANHAM. May I say in reply that Mr. Carmody is a man very much interested in economy; and I may state further that it was brought to the attention of the committee that Mr. Carmody had completed a project at 50 percent of the estimated cost. It is the purpose to hold this down just as much as possible, but in view of the fact that we cannot foresee the future or foresee what advances may come in the cost of materials or what other exigencies may enter into the picture, we must allow a certain leeway. We must have decent housing for these various civilian workers.

Mr. LUCE. But you can put in the bill something to encourage building according to recognized standards.

Mr. LANHAM. That is quite in the spirit of this act. Furthermore we want houses of a type we can dispose of when the emergency is passed. [Applause.]

Mr. Chairman, I reserve the balance of my time.

Mr. HOLMES. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. CROWTHER].

Mr. CROWTHER. Mr. Chairman, all of the discussion regarding this bill is very interesting. I have not had the time to make a study of it. All I know is that in line with other legislation that we have passed during this session of Congress it requires a very considerable amount of money, and in the days to come when some of the younger Members are here and some of the older Members are gone, somebody may in the confines of this legislative hall hear in something like a ghostlike whisper, perhaps, the voice of the gentleman from Pennsylvania [Mr. RICH] echoing, "Where are you going to get the money?" [Laughter and applause.]

Mr. Chairman, when the Congress passes the conscription bill and the excess-profits tax bill, it may think that its work for the session is done, but, in my opinion, a task of great magnitude and importance still remains. I refer to the urgent necessity of raising additional revenue with which to carry on the military and civil functions of the Government.

The Secretary of the Treasury has stated that Federal expenditures during the current fiscal year will exceed \$12,000,000,000, of which some \$5,000,000,000 will go for national defense. The estimated revenues are fixed at only \$6,300,000,000. This means that on top of the \$27,000,000,000 of deficits already accumulated during the last 10 years we will add this year the further stupendous sum of \$5,700,000,000—the largest peacetime deficit in history. This figure does not take into account such expenditures as may be made in connection with calling out the National Guard and in putting the conscription program into effect, which probably will add another billion dollars.

The total appropriations and contract authorizations for national defense already aggregate approximately \$15,000,000,000. How are we going to provide for this tremendous expenditure? We have not the money in the Treasury, nor does the Government even have the power to borrow that sum.

Last June we were forced to increase the authorized national debt by \$4,000,000,000 in order to get the earlier part of the defense program under way. We limited the use of this borrowing to national-defense expenditures, and we passed a billion-dollar tax bill to provide for its amortization over a 5-year period. But we have done nothing as yet about amortizing the rest of the defense expenditures. True, an excess-profits tax bill is pending, the purpose of which is to prevent the creation of any new war millionaires out of the defense program, but the revenue from this tax will not pay for national defense. It will raise several hundred millions annually, depending upon the provisions of the final bill, but do not forget that we are faced with a deficit this year of \$5,700,000,000, and more likely \$6,700,000,000. The unfinished business of Congress clearly is the necessity of putting the Nation's financial house in order.

Our present financial situation is not due to the defense program alone. It is merely a continuation of the same old trouble we have had for the last 10 years of being afraid to face the facts regarding national finances. The necessity for huge defense expenditures has simply aggravated that problem. We need more taxes, not only to pay for national-defense expenditures, but to pay for the regular running expenses of the Government. We would still have a deficit this year, even if the present world situation had never developed. And then, do not forget that when we have finally balanced revenues and expenditures we still have to give some thought to paying off the huge debt that has been piled up, now aggregating forty-five billions, which constitutes a continuing threat to national solvency, and which is a first lien on the future earnings of every man, woman, and child in America, and of generations yet unborn.

During the hearings on the excess-profits tax bill before the Ways and Means Committee, the Under Secretary of the Treasury, Mr. Bell, made the following very significant statement:

We will have about \$300,000,000 of borrowing power at the end of this fiscal year.

That is, even with the \$4,000,000,000 additional which was authorized under the defense tax bill, and which brought the national debt up to \$49,000,000,000.

Mr. Bell continues:

There is a statement attached to the Secretary's prepared statement showing that you already have on the books a national-defense program of \$14,700,000,000. We are going to exhaust about \$5,000,000,000 of that this year. So that you will have a program, if you enact no more legislation except that contained in the President's message of July 10, of \$9,000,000,000. And to the extent that such balance is not offset by additional revenue that may be collected under existing tax laws as a result of improving business conditions, you will either have to have a debt increase or additional taxes to finance that.

There we have the picture, Mr. Chairman. We are faced with a \$9,000,000,000 increase in the debt next year unless the Treasury receives additional revenues. Of course, I realize that we cannot possibly raise enough in new taxes to put our Government on a pay-as-we-go basis at the present level of expenditures. However, it is also true that we cannot go on borrowing and borrowing without limit, unless we are willing to run the grave risk of national bankruptcy. The solution lies in taking a position between the two horns of the dilemma; in other words, in authorizing limited additional borrowing and in raising the necessary revenue to amortize the additional debt over a reasonable period of years. Then, after the present emergency is over, we will have to give some thought to paying off the accumulated debt.

Mr. Chairman, in my opinion, this Congress should not consider its work done until it has directed the Ways and Means Committee to conduct a thorough study of our whole internal-revenue system with a view to recommending additional revenue legislation in January. The committee, in its study, should give consideration not only to possible new sources of revenue, but also to the matter of revamping our existing taxes so that they will produce the greatest possible revenue without discouraging business enterprise and without imposing more than his fair share of the burden on any taxpayer. For years we have been promised a thoroughgoing revision of tax structure all along the line, but for one reason or the other—mostly lack of time—we have never had anything more than a piecemeal revision. As a consequence we do not have a real revenue system, but only a conglomeration of individual laws and conflicting policies. With our sources of taxation now all but exhausted, and with the need for tremendously increased revenues facing us, it is high time that we took the time to give our revenue system the overhauling it needs. [Applause.]

Mr. LANHAM. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. CROWE].

Mr. CROWE. Mr. Chairman, I am supporting this legislation, housing for national defense, because I think it is in line with the program that has been adopted by this House and by the Congress in recent months. This plan is to erect

buildings to house workers engaged in industrial plants. For instance, a powder plant may be constructed not at some city but generally near some small village or town or far removed from any town or city in a location which is suitable for a powder factory. There will not be adequate housing to take care of the people who will work in that factory, which will be near enough to it so that they can go back and forth night and morning. So naturally housing must be constructed.

It is true there are some H. O. L. C. houses here and there, perhaps quite a number of them in the country, but if they are not accessible to the factories, of course they cannot be used for that purpose. National defense transcends all things else. Factories must be logically placed. Locations must be carefully selected. All housing now unoccupied should and will be used.

Now, concerning the expense of these buildings, for one thing they will be constructed under Mr. John M. Carmody and Mr. Reynolds. We know something of the work of Mr. Carmody and Mr. Reynolds. I had some experience with Mr. Carmody several years ago in my district when we set up a yardstick for rural electrification. He constructed lines and used native materials and local labor and cut the price per mile 50 percent. The Jackson County Rural Electric Membership Corporation under Mr. Carmody made a model plant, saving many thousands of dollars. He and Mr. Reynolds will do this job at the least possible expense consistent with suitable performance. I am confident that in this housing he will reduce the price to the lowest possible dollar. There will be no scandal in any buildings that are constructed in this program.

If we need national defense, of course, we need housing to house the people working in national-defense factories. If we do not need this housing, then we do not need national defense. I have not yet found anyone who has told me that we did not need national defense, and adequate national defense. I recently conducted a poll on that question in my part of Indiana and I found that 98 or 99 percent of all those interviewed believed that we did need abundant national defense. If we need it, then we need housing for the workers, because without that we would bring on an epidemic of sickness and a scourge of disease by not having proper housing facilities. Without proper housing, heat, water, and sanitation, epidemics are liable to spread throughout the country. [Applause.]

[Here the gavel fell.]

Mr. HOLMES. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, my main interest by this motion is to get some additional information. If the chairman of the committee will help me out a few minutes, I think we can clear up all the questions I have.

If the first place, I wish to ask the chairman if this bill calls for \$150,000,000 to be used for this purpose in addition to the \$100,000,000 previously provided for?

Mr. LANHAM. The gentleman has reference to the \$100,000,000 in the appropriation bill we passed recently?

Mr. CRAWFORD. That is correct.

Mr. LANHAM. This is an addition to that. However, it is principally for a different purpose.

Mr. CRAWFORD. On page 8 of the testimony I find where Admiral Moreell makes this statement:

Well, if we took care of all the needs, Congressman SCHAFER, as indicated by the survey, the \$150,000,000 would not meet it.

The question in my mind is, what additional needs not covered by this bill and the previously provided \$100,000,000 does the admiral have reference to? In other words, should we expect within the next 6 or 8 or 10 months, based on our present defense program, another bill asking for fifty or one hundred or one hundred and fifty million dollars to make up this deficit to which the admiral refers? Can the gentleman give up any information on that?

Mr. LANHAM. As a matter of fact, I hope nothing further will be necessary after this bill has been enacted. However, the statement has been made by those in charge that all of the funds available for housing will not be sufficient to meet



the need, and it is going to take strict economy. For instance, in addition to the housing needs set out for the Army on page 65 of the hearings by Major Wilson, the Army estimates it will need 40,000 additional units. Then there are 120,000 units needed in the matter of the civilian workers, which will make 160,000 units needed at this time. The gentleman can very readily see, inasmuch as that is exclusive of the \$100,000,000 appropriated the other day, that it will take quite a bit of economy.

Mr. CRAWFORD. This is some of the information which I desired to develop. In other words, I understand from the chairman's statement that the 160,000 living units will be required in addition to the 65,950 set forth on page 15 of the hearings. Is that correct? You have referred to 160,000 dwelling units that will be needed.

Mr. LANHAM. That page has to do primarily with the Navy.

Mr. CRAWFORD. Please do not misunderstand me. This is what I am trying to find out. What do you say is the dwelling-unit need for the Army and the Navy, based on the two pages I have referred to in the hearings?

Mr. LANHAM. I think they are substantially as set forth in this bill. I do not know of the other, because I am not advised as to just what the needs of the Navy Department are concerning these details.

Mr. SCHAFER of Wisconsin. If the gentleman will yield, I will give you the information.

Mr. CRAWFORD. Now, wait a minute, please.

Mr. LANHAM. I am advised that 40,000 more units will be needed for the Army than is shown on page 65 of the hearings.

Mr. CRAWFORD. We have had reference here in the hearings and in the statement of the chairman to 160,000 units.

Mr. LANHAM. Yes.

Mr. CRAWFORD. Are the 65,950 units referred to on page 15 of the hearings included in that 160,000 to which the chairman has referred?

Mr. LANHAM. They are not.

Mr. CRAWFORD. That would give a total in round figures of 226,000 units now in sight, as I recall. According to my quick calculations, on a basis of \$3,000 per living unit, that calls for \$678,000,000. In other words, we are approaching three-quarters of a billion dollars in this program.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I will in a moment. In other words, the \$100,000,000 that has been appropriated, plus this \$150,000,000 here authorized, would be only the first step—only a drop in the bucket. It is proposed to spend almost three-quarters of a billion dollars by the Government in the housing field.

#### F. H. A. FACILITIES AVAILABLE

It appears to me, Mr. Chairman, that we are making a mistake in not arranging for this job to be done through the facilities of the F. H. A. insofar as that would be possible. Certainly most of this building could have been financed in that manner by private capital. It would be just as reasonable to grant private investors amortization privileges in connection with the building and operation of these houses as it is to grant them to those who will build the plants and manufacturing facilities to carry on the defense program and where there will be employed those workers for whom the housing is being provided. Certainly, in every way possible, we should encourage investment by private citizens and relieve the Federal Treasury in every way possible of the terrific drain now imposed upon it.

Mr. LANHAM. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. BLAND].

Mr. BLAND. Mr. Chairman, a great deal has been said in the last few moments about the cost of this program. It is a part of the program for national defense. That program is to prepare and train men to defend America, to provide instrumentalities of defense, to build ships, airplanes, and other equipment for defense. That program means to be ready for any emergency. For my part, if this building

program costs \$250,000,000, or even \$1,000,000,000, it will be cheap, if by means of that preparation it will save the lives of any of the boys of America. If our program of national defense will so prepare us that America will not be attacked, any sum, however large, will be money well spent. I wish to call attention briefly to certain housing conditions in my district in connection with the defense program.

The gentleman from Wisconsin has referred to the present ownership of the Newport News Shipbuilding & Dry Dock Co. That plant is in my district. I do not know where that ownership is and I do not care. I know that until within the last few months the plant was owned by the Huntington heirs, and I know that that stock has been on sale recently under the approval of the Securities and Exchange Commission. What matters is that that yard builds ships. That is what concerns me. It is the largest plant in this hemisphere, and one of the largest in the world. During the first World War it was engaged practically in its entirety in building ships of war. At the present time at least one battleship and several airplane carriers are being constructed at that yard, and I understand six or seven more carriers will be built under a contract just made. You must build ships where the plant is prepared to build them.

You cannot build your shipways on the Mississippi River or construct airplane carriers at inland points for service on the ocean. You must adopt and use existing facilities or the program cannot go ahead. I was at Newport News in the last war. I know the difficulties then. I know that throughout the Nation when influenza came it levied a frightful toll. I know that we must have additional facilities at Newport News for the men who will be brought in to help build these ships. They will be skilled men from districts throughout the United States. They must work there in order to help carry on that great work within the shortest period of time. I do not want your men there without adequate preparation for their comfort and health. Otherwise they will not stay and the work will not proceed. Whether the facilities are permanent or temporary does not concern me, but they must be facilities of such magnitude—they must be facilities so prepared—that we shall not have as applicants irresponsible, unskilled men, or men who may desire to obstruct or commit sabotage. We must have the best men that can be found to carry on this work, and this work is needed. In order to procure and retain the men you need, you must have the facilities contemplated by this bill.

Fort Eustis is in my district. It embraces an area of about 12,000 acres of land owned by the Government, formerly used but later reserved for temporary emergencies. Fort Eustis needs these facilities for buildings must be replaced. Langley Field needs facilities such as are provided here.

If this work is to go on, we must provide, immediately, the homes in which the workers are to stay. You cannot and you should not conscript labor. It is necessary to prepare homes where the workers may live in comfort. I saw those temporary facilities in the time of the World War. They were necessary then, but they are vastly more necessary now. Consider for a moment the city of Newport News. Every house is occupied. There are no empty houses. They must be provided. We were prepared normally to take care of less than 10,000 shipyard employees; 12,000 men are employed now. In order to carry forward the work the country needs, the personnel must be increased immediately to 18,000. You cannot wait. There must be action now. We can build the ships you need if you help us to house the workers. Tomorrow will not do; it must be done now. [Applause.]

[Here the gavel fell.]

Mr. HOLMES. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. BALL].

Mr. BALL. Mr. Chairman, I have profound affection for the gentleman from Wisconsin, I admire him, I admire his forthright attitude; but I think that at this particular time he is a little bit on the wrong track. I am not going to refer to a Milwaukee newspaper. The gentleman referred to a long and remarkable speech of Abraham Lincoln's. In return I should like to refer to something that Lincoln said that

we might all burn into our hearts at this minute. Lincoln said:

I do the very best I know how, the very best I can, and I mean to keep on doing it until the end. If the end brings me out all right, what is said against me won't amount to anything. If the end brings me out wrong 10 angels swearing I was right would make no difference.

Mr. Chairman, we are confronted with an emergency. We have voted billions of dollars for national defense and we have been somewhat heedless in our way of doing it. We have not thought too much of how we were going to do it. We are now confronted with the problem of housing these people, of finding suitable places for them and their families to live. I firmly believe this bill meets the need. The gentleman from Wisconsin said something about Newport News. Yesterday afternoon I was in Newport News. I saw that great plant which has recently expanded and is about to expand again, and I saw, too, the monument erected by the founder of that great plant, Collis P. Huntington. If I recall rightly, he said, and it is embossed there in stone:

We build ships here. We build good ships here, at a profit if we can, at a loss if we must, but always good ships.

That, I believe, is the spirit of that splendid plant.

In my own district we have problems. We have a rapidly expanding industry there, and I know what these people need and the houses that they must have to live in. I believe the pending bill honestly tries to face the problem and to handle it in an efficient and sensible way.

Mr. HOLMES. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. AUSTIN].

Mr. AUSTIN. Mr. Chairman, I have requested this time in which to ask several questions of the chairman of the Committee on Public Buildings and Grounds which have risen in my mind relative to this bill. I appreciate the little colloquy we had earlier in the afternoon, but there is further information I would like to have. On page 7 of the bill, section 8 reads as follows:

The Administrator is authorized to utilize employees and facilities of the Federal Works Agency.

Under the interpretation of this particular section, is it possible to employ W. P. A. labor in this construction?

Mr. LANHAM. Well, it says, "any Federal agency" or any "local public agency," and I suppose the Administrator would be authorized under this to utilize employees or facilities of any agency.

Mr. AUSTIN. I am thinking of an intended housing project under this bill in my own district in Connecticut, where there is unfortunately quite a large W. P. A. registration. I am wondering if it would be possible under this bill to employ some of those W. P. A. men, or men on relief, at the expense of organized labor or skilled workmen who are not enrolled on the W. P. A.

Mr. LANHAM. As a matter of fact, there are certain services that the W. P. A. workers might well render. However, it is the policy of those in charge of the administration of this measure to use the prevailing wage scale and not in any way to militate against either skilled or unskilled labor insofar as they can carry out their respective functions.

Mr. AUSTIN. The gentleman cannot give me assurances that such will not be done. He simply believes that it will not be the course of procedure?

Mr. LANHAM. I may say that there would be no objection to putting an amendment in this bill with reference to the prevailing-wage proposal, but the gentlemen who are to administer that and who appeared before the committee stated that it was their intention to do so any way and that that was their policy.

Mr. HOLMES. Will the gentleman yield?

Mr. AUSTIN. I yield to the gentleman from Massachusetts.

Mr. HOLMES. I think the gentleman will find that this work will be done generally by contract and these contracts are drawn to protect the Government's interest. In view of that fact I cannot see how it would be possible to use W. P. A. labor because they have to have skilled labor to build these buildings. This legislation permits the Administrator to

utilize such help, as, for instance, experienced mechanical, engineering, or other men affiliated with W. P. A. works who have had to do with construction and building. It does not have any reference at all to using any part of that employee personnel.

Mr. AUSTIN. I think the gentleman's reply has given me the assurance I want.

Mr. LANHAM. Of course, it is not intended to use the unskilled men to take the place of the skilled, but there will probably be work of some character for all kinds of labor.

Mr. AUSTIN. If I may, I would like to ask the gentleman one other question. At the beginning of the gentleman's address this morning with reference to this bill I understood him to say it was the purpose of the committee and the wish of the committee that when these men, these employees, men from the Army and Navy as well as civilians, enter these houses, suitable facilities will be provided, by which I presume the gentleman means heat, lighting, possibly hospital accommodations, an adequate water supply, and all of those things? I presume that is what the gentleman had in mind.

Mr. LANHAM. That is what I had reference to, decent housing in reference to health, sanitation, and so forth. In the selective-service bill the other day there was an amendment adopted by the House, and it was the gentleman's amendment, that these draftees should not be placed in the various camps until such facilities were made available. That is one of the very things that makes speed necessary in connection with this civilian housing program.

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Chairman, the details of the measure now before us and the general plan of operation have been explained quite completely, I think, by the previous speakers, so I just want to make a general observation or two.

This bill provides for the authorization of an appropriation of \$150,000,000 for emergency defense housing. It is not contemplated that the \$150,000,000 will be in any way sufficient to take care of all the defense housing necessitated by our preparedness program. The fact of the matter is that it is expected that private capital will take care of practically two-thirds or perhaps a much larger percentage of the necessary defense housing, and we will not need to put further Government money into it. The chief function, as I understand, of the coordinator of the advisory commission of the National Council of Defense is to cooperate with the different private and semipublic agencies all over the country in order to get enough housing for these emergency purposes, but in spite of all that attempted coordination we can easily see that in certain instances and in many instances it would be impossible to get private capital interested in housing. Therefore, it leaves us with two avenues open. One is to give private capital a subsidy so that this necessary housing can be built, and the other is for the Government itself to go into it.

In connection with the efforts of the Coordinator, I call your attention in the hearings to the various communications and telegrams coming from the United States Association of Real Estate Boards, from the National Association of Building Owners and Managers, and from the National Association of Housing Associations, showing that they have been cooperating in every respect with the Coordinator here in order that we can get enough defense housing. I believe I can say without any fear of contradiction that each of these agencies has done everything it possibly can to help in the defense program, and in effect approves the proposition that is now before us. Therefore, this \$150,000,000 will by no means take care of all the emergency housing, but we are hopeful that that will be all the Government will have to invest in addition to the \$100,000,000 that has already been appropriated.

All of you know that the Committee on Appropriations came in here before an authorization had been passed by this House with a bill appropriating \$100,000,000. The Advisory Commission went before the Committee on Appropriations and proved the urgency of the proposition, so that the Com-



mittee on Appropriations itself was convinced of the necessity for this action even before the Committee on Public Buildings and Grounds acted upon it.

In this measure we have thrown around the governmental agencies some restrictions, some safeguards, so that the money will not be spent carelessly or recklessly and so that they will not go on a wild spending spree, or anything like that. We have also provided in this bill for the Government to recoup to a large extent all the money that is being spent.

All of us who have had any experience with the Treasury Department or the Public Buildings Administration know that they are very conservative when it comes to spending money and that they get a dollar's worth for every dollar spent.

Mr. Chairman, this House has passed in the last several months every emergency defense proposition that has been presented to it that has had any merit whatever. I feel certain that the members of this committee should be convinced beyond the question of a doubt that this is another necessary defense measure. I believe it will be helpful in the preparedness program. I think it is practical, I think it is economical, and I have no compunction whatever about giving the bill as it now stands my wholehearted support. I hope it will be passed without any question. [Applause.]

[Here the gavel fell.]

Mr. HOLMES. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON of New Jersey. Mr. Chairman, the bill now before the House to provide housing facilities for persons engaged in national-defense activities, and their families, in those localities where it is found that an acute shortage of housing exists or impends which would impede national-defense activities, has my wholehearted support. I commend the chairman and members of the House Committee on Public Buildings and Grounds for having so quickly recognized the seriousness of the situation and provided the remedy that is contained in this bill.

The Members of Congress who live in industrial areas where much of the work is now being done to build up our national defense are aware of the need of legislation of this character. It is my privilege to represent a district which includes some of the most important national-defense industries to be found anywhere within the United States. I refer to the great shipbuilding plant at Camden, the munition works and oil refineries along the Delaware River that constitute some of the greatest industries of their kind to be found anywhere. Similar industries including the Philadelphia Navy Yard are located on the Pennsylvania side of the Delaware River. In addition to this is the immense R. C. A. plant, also located in Camden, N. J., which is engaged in producing many intricate and important devices for use in the operation of aircraft. This is only a limited description of the importance of this industrial area with respect to our national-defense program.

Already plans are being laid to have three shifts of workers each day in the shipyard at Camden and at others in that locality. This means that the number of workers will run into thousands. They are coming to this great shipbuilding area from all over the country. The same is true in other shipbuilding centers in other parts of the country. These new workers with their families must be properly housed. The housing facilities now existing are not sufficient. If something is not done it will mean distress to these workers and their families, or it will mean that they will not be able to take up the work in this important part of our national-defense program.

During the last war we had a most distressing experience in the Camden, N. J., area, resulting from lack of sufficient housing for the influx of workers that came into our city. As a resident of that city I was in a position to observe the unsatisfactory conditions that resulted. Rents went sky high. This in itself was sufficient to bring about much distress, but it was even more serious than that because there were not enough houses to take care of the people. Families were doubled up and others required to live under conditions that were neither wholesome nor proper. Shipyard workers were not the only ones who experienced the inconvenience of liv-

ing in improper quarters and paying exorbitant rents. It affected the whole community. The conditions became so unbearable that it became necessary for the Governor of New Jersey to take cognizance of the situation and direct the county prosecutors to take action against real-estate profiteers. I was prosecutor of Camden County at that time and the task was in my hands. It was only when aggressive action was taken that we were able to break down the exorbitant rents that were being charged. But even this did not relieve the distress that was incident to lack of sufficient houses. This latter condition was only relieved when the Federal Government, through a housing agency that was set up, built two villages in proximity to the shipyards to house the workers.

With respect to the present and increasing need for housing facilities in the Camden and all other shipbuilding areas I direct attention to the testimony of John Green, international president of the Industrial Union, Marine and Shipbuilding Workers of America, given before the House Committee on Public Buildings and Grounds at a meeting of that committee held on September 3 last. Mr. Green said:

My principal purpose, Mr. Chairman, in coming here today is to tell the Members of Congress that there is a serious and urgent need for a cheap, comfortable, and well-planned housing for workers in defense industries, and to ask that action be taken immediately to remedy this situation.

Continuing, he said:

Rents are being raised in some cities so rapidly that workers are deprived of the benefits of the steadier employment which the defense program has afforded them. In some cases landlords are grossly exploiting wage earners in defense industries, not merely by exorbitant rent raises but by forcing tenants to make their own repairs. And in every city where workers are busy on defense orders you find the old home-buying racket revived. Workers are being forced by threats of eviction, or of rent increases, to begin buying homes which they don't want, or which they cannot afford to pay for.

As a result of the scarcity of decent homes at fair rentals in almost all industrial centers, workers are being forced to double up or take in boarders. This creates much overcrowding and an unhealthy and uncomfortable situation all around.

My union, like so many more, has been obliged to accept the responsibility for recruiting many new workers in order to increase output by having three full shifts on all jobs. I will not go into the difficulties of finding skilled mechanics for defense jobs but must say that in many cases it will be absolutely impossible to get the people we need most just because housing conditions are so bad in the cities where shipyard workers have to live.

And then, with respect to the effect on wage and other labor conditions, he said:

My union cannot be responsible for recruiting new workers from now on unless we can hold out some definite promise to these men that it will be possible for them to bring their families with them and be able to live in decent surroundings and that all their earnings will not go to the landlords. I emphasize this further fact: That the labor movement has been asked to avoid industrial disputes during the period of the emergency. Unions have been asked, as patriotic citizens, to refrain from asking for wage increases at this time.

The Camden local of my union will undertake negotiations with its employer for a new contract within a few days. As a responsible leader of a responsible union, I wish to be reasonable and moderate in my demands. But how can I tell my members in Camden to be reasonable when rents are going up and when they are being obliged to lay out all they are making to buy homes they do not want in order to find a place to live?

The real-estate board in Camden will admit, I believe, that rents have gone up at least 10 percent in the past few months. It is our observation that rents have actually gone up more than that. How in the world can a negotiating committee for a union tell its members to be patriotic when a condition of this sort exists?

In emphasizing the need for additional housing facilities in the Camden area, he said:

Another point I want to drive home is that you do not get the whole picture by reading figures about rents.

The fact to bear in mind about cities like Camden is that there are today absolutely no vacancies in homes that workers can afford to rent or to buy. There are almost no vacancies, of any kind, at any rentals, high or low, in Camden. We are not asking for subsidies or guaranties such as have been asked for by many corporations before they would take defense orders or build ships. We are only asking that the Government use its facilities to help us get the things that we as workers must have if we are able to do the job that the Government and the people want us to do.

The morale of industrial workers in defense industries is a question that cannot be overlooked. It is a problem that the Members of Congress must not overlook. It is a problem which must be dealt with quickly and concretely.

This testimony of Mr. Green based upon a careful survey that was made by him shows plainly and forcibly the need for legislation, such as that which is now before us, to provide adequate housing facilities for workers engaged in the national-defense program. Mr. Green spoke not only in the interest of the workers but also with a keen desire to have our defense work proceed with the fullest efficiency. I wish the time allotted to me was sufficient to read his entire testimony to you. Every line and word is important. It should be read in its entirety by the membership of this House.

I do hope that the Members will realize that the need is urgent. The condition that is being created is similar to that which we experienced in the World War. With each day it grows worse, and will continue to do so until the Federal Government takes hold of the problem and does something about it. The bill now before the House is a step toward that end. It should have the support of this House. [Applause.]

Mr. HOLMES. Mr. Chairman, I yield such time as he may desire to the gentleman from Iowa [Mr. GOODWIN].

Mr. GOODWIN. Mr. Chairman, in the course of my remarks this afternoon I will endeavor to outline and touch briefly on salient facts concerning our highly concentrated population and industries and how a readjustment of the situation would benefit our national defense and our future well-being as a nation.

Many times when traveling through the eastern part of our country, especially the middle East, I have wondered what would happen in case of a military invasion. That thought first occurred to me when, as a boy, I saw the great preparedness motion picture, *The Battle Cry of Peace*, shown throughout the country in 1916. During the last 2 years we have seen the air arm of the military forces of all nations grow in strength and reach. Even so, it is highly improbable that a foreign foe could land troops in America by air sufficient for occupation and give them the very necessary protection and support. But it is conceivable that a hostile force could—at least in the not too far distant future—strike such continued nuisance blows at this vital and defenseless area that they would be highly effective.

Effective, why? Well, for a number of reasons:

This area, the Middle-Atlantic Seaboard, embraces the area of greater New York, Providence, Boston, the rich industrial, densely populated valleys of the Connecticut, the Susquehanna, and the Delaware, including Greater Philadelphia, and Wilmington, Baltimore, Washington—our National Capital and shrine—and the Hampton Roads area. In this part of the country we do not have very many highways, no auxiliary bridges and tubes, at the best no surplus of traffic arteries in proportion to the vehicles and the population; nor do we have too many rail lines, and one of these—the electrified one—is particularly susceptible to paralytic attack for very obvious reasons. Furthermore, all of these cities are located in terrain that is not, by nature, friendly—in many sections it still resembles a vast wilderness. Should these traffic arteries be smashed or badly harassed, traffic of all sorts, including much of which would be vital to our national defense, might easily find itself in a condition of chaos.

It should also be remembered that a vast section of our populace is rapidly becoming cliff dwellers; or would it be better to say, apartment house occupants? Well, it is pretty much the same, anyway. All of which leads up to one big fact, which is that in our already heavily over populated area the situation is becoming increasingly acute.

This high concentration of population calls for a high-powered system of supply—a system that functions in normal times without a hitch. But do you remember the play which a year ago Orson Welles had on the air? In the play itself you no doubt recall that New York and Philadelphia were cities of the dead not because the Martians had obliterated them but because of pestilence which came all too easily to the

trapped, beleaguered populace. Think also of what happened to Rotterdam and what is happening to London today.

Stretching back beyond the seaboard are other vast industrial areas and large cities. These are only slightly less vulnerable to attack and for similar reasons. Not until one gets more than 600 miles inland is there any marked difference in the problem. Only in Ohio and westward do we have the flat, open country, a network of main and auxiliary traffic arteries—rail, pipe line, highways, electric lines—a multitude of small towns, many with their own small industrial plants, surrounded by much tillable soil so that the area is largely self-supporting. True, in these States of Ohio, Indiana, Michigan, Wisconsin, and Illinois, some of the same problems of excessive concentration of population exist as on the coast but to a much less vital degree.

These problems are not unique, in fact they are the result of very normal conditions and trends, factors that have existed for many years both here and abroad.

Today we are living in a new era. Transportation has speeded up; our people are even more literate, much more widely read, and more keenly alert to happenings outside their own neighborhoods. It is now possible for us to live out in the country, up to 20 miles or so from the factory where we work, or from our business; live where the children can have a yard with green grass to play on; where the air is uncontaminated with industrial gases; where the water is pure and sweet; where the living is reasonable and wholesome. In many localities with their small but busy industries, living is even more convenient. It is not necessary that our people live in these crowded congested surroundings with many social problems.

Did you read the excellent speech made by Mr. P. A. Olson of Story City, Iowa, on *The Advantages of Life in a Small Town* and inserted in the *Record* under date of July 9? It is worth-while reading in this connection.

What does all of this have to do with national defense? First, the safety of our population; second, the safety of our industries, especially our essential ones; third, unraveling of many of our transportation problems and the lessening of the hazard of an attack (or sabotage) to our industrial system; fourth, a better and more wholesome life with more hope for the future; fifth, a more hopeful future for our local governments, freed from temptation to corruption and graft.

We must attack without delay the problem of our population and overconcentrated real-estate wealth. We should help those immeshed to unsnarl themselves and escape, that the entire country may be stronger and our defense forces can be deployed to meet an aggressor in any section. This will take profound thinking by practical people. It is a real defense need. The sooner it is solved, the better for all of us. Let us keep these things in mind when we vote on the pending bill, H. R. 10412.

Mr. LANHAM. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. CAMP].

Mr. CAMP. Mr. Chairman, I do not believe there is any opposition to this bill from any Member of the House who is familiar with the bill and who favors national defense. On yesterday a group from this committee went down to Newport News and Norfolk. I wish that every Member of this House could be familiar with the condition that exists there, because I believe the same condition exists in every city or town in this country where the national-defense program is now going forward. At the great shipbuilding yards of the Newport News Shipbuilding & Drydock Co., they are now building some 8 or 10 large ships, one being a large battleship, one being an aircraft carrier, and others being cruisers. There are working in that great plant at this time over 12,500 mechanics and other workers. The city manager of the city, the members of the chamber of commerce, and other prominent citizens implored and begged us to give this matter our most solemn and careful attention.

They tell me there that every room, every garret, and every cellar within 10 miles of that place is filled, and so crowded that living conditions cannot be tolerable when winter sets in for a great many of these workers. The personnel man-



ager of that plant told me that last month he employed 813 new skilled men of a certain class, I believe he said machinists, and that during the same month 512 of the same men left him because they did not have housing for their families. It is a question of housing at these places if the defense program can be speeded up at all. They expect to increase their workers to 18,600, but they cannot increase them now because they have nowhere for the workers to live.

I cannot understand the argument that has been made against this bill. If we expect to build ships we have to have a place for the men who build them to live. Anybody who wants to build ships will want those men housed, and I take it that opposition to this bill comes from those who are simply against national defense.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. CAMP. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. I do not believe any Member of this House is against national defense.

Mr. CAMP. I am certainly glad to hear the gentlewoman say that.

Miss SUMNER of Illinois. But I do think that we have not—

Mr. CAMP. I yielded for a question, please.

Miss SUMNER of Illinois. All right, I will ask a question.

Is it fair to ask the members of the National Guard to leave their families and then let these men go down there and take their families with them at national expense to live in \$3,000 Government-built houses and make high wages, \$15 a day or so?

Mr. CAMP. The National Guard will be housed. I should like to reply to the gentlewoman in this wise. In my experience as a legislator, either in this Congress or in the State legislature, I have never referred to the fact that I served in the Army. I served in the ranks most of the time I was in the Army, over 2 years. No patriotic man expects to carry his family with him into the Army. That is out of the question, but those who are not drafted cannot be expected to be taken away from their homes unless you provide living conditions for them.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. CAMP. Yes.

Mr. WOOD. The lady just mentioned that these men would get \$15 a day. Does the gentleman know of any craft of men working in munitions plants or anywhere else that get an average of \$15 a day?

Mr. CAMP. I never heard of it myself.

Mr. WOOD. The fact of the matter is that men in the building trades do not average \$6 a day.

Miss SUMNER of Illinois. In the last war some of them made \$50 a day, and I know that.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. CAMP. I must decline to yield further.

I want to say that the personnel manager of this plant said, "We need housing here for our colored helpers as much as for anyone else." [Applause.]

[Here the gavel fell.]

Mr. HOLMES. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I have always had, and I now have, a profound respect for the ability and patriotism of my good friend, the chairman of the Public Buildings and Grounds Committee. I have stood on this floor and fought to see that the men who are called to the service of the country have proper housing facilities. The one thing which I wish to stress in the remarks which I make now and shall make later is that I want to see this program of national defense, housing and otherwise, carried out without unnecessary waste or extravagance.

This emergency does not call for the useless waste of the taxpayer's money to achieve the desired objective of adequate national defense. When the United States entered the last war the Federal debt was only \$1,000,000,000; now it is close to fifty billions, and even more than this vast sum, when contingent liabilities are considered. I insist that this is no time

to throw away the taxpayers' money; but that whatever the exigencies require, whether housing, camps, hospitals, or cantonments, the sums appropriated be used for the purpose intended with as little waste as possible. I invite the Members to glance at the record of 23 years ago and see what it reveals as a warning to those who have brought in demands for more billions to be spent without restraint. The testimony of responsible persons given before investigating committees following the World War of 23 years ago shows a reckless disregard only equalled by the boondoggling, spendthrift, reckless waste of public money during the past 7 years. I would have you know that it is the same irresponsible under-cover group that will, unless restrained, boondoggle away billions intended for national defense. Under the building program of 23 years ago, carload after carload of lumber, of hardware, of cement, and building material were dumped on the ground to rot, rust, and harden. Loads of finished lumber were dumped into mud holes for the purpose of repairing roads. Trucks were driven over lumber to destroy it. Finishing lumber and flooring in bundles were never untied, but according to the testimony of reliable witnesses, hauled away and burned. Colonel Oury testified that he employed his entire regiment of 3,000 men a week in carrying waste lumber off the drill ground. Tons of nails were hauled to the rivers and thrown away. Unbroken rolls of roofing materials were hauled away and burned.

Mr. Chairman, I say in the light of what the new dealers have wasted during the past 7 years and the resulting tax load now pressing heavily upon the shoulders of our citizens, they have a right to demand that this Congress shall protect them in the use made of the more than \$14,000,000,000 made available for national defense. Real national defense calls for straight thinking and intelligent action. It requires the benefit of leadership that knows the value of a dollar because of experience of actually earning a dollar. The record of extravagance and waste of those who have spent over \$60,000,000,000 in 7 years; who have made it necessary to place 10 tax bills on the statute books, while at the same time running huge deficits and putting the citizens further and further into debt, are the same persons who are to control billions of the money intended for defense.

Mr. Chairman, there is a very practicable question involved here. I feel that in view of the colossal debt of over \$50,000,000,000 and faced as the people are with billions more for national defense that the President ought to cooperate with the taxpayers in their effort to shoulder the burden. Has the executive department cut expenses? I say to you that thousands of political appointees have been put upon the Federal pay roll, who in the present emergency, could be dispensed with. They are not of the indispensable type, except for political purposes.

Mr. Chairman, it is claimed that the Army officials should be absolutely relied on to make wise use of the billions appropriated. This is what we were told during the last war, but experience ought to measure our responsibility as stewards of the taxpayer's billions. Look at the record of the waste of money during the last war, even in the smaller items of expenditure:

There were ordered 41,100,152 pairs of shoes and deliveries made of 32,227,450 pairs, for 3,513,837 men.

There were purchased and delivered 500,326 double sets of harness and 110,828 single sets. There were 580,182 horses, of which only 67,948 were shipped overseas, and of the total number of horses 96,000 died.

The record shows that 945,000 saddles were bought, and yet there were in all only 86,418 Cavalry horses.

There were bought 2,850,853 halters, 585,615 saddle bags, 1,637,199 horse brushes, 2,033,204 nose bags, 195,000 branding irons, 1,148,364 horse covers. Those who purchased these articles did not forget to be well spurred, for the record shows that they bought 712,510 complete sets of spur straps, about 36 for each officer.

The taxpayers will willingly sacrifice now as they did then, but they will be in no mood to submit to political

trifling in this matter of national defense. The people, including the 10,000,000 unemployed, will not see their birth-right to liberty boondoggled away. The citizens now know that after the expenditure of \$7,000,000,000 for national defense, they are without the planes, the tanks, the rifles, the uniforms, the heavy guns, the tents, and other equipment which such an expenditure should have made available. I stand ready to go as far as any Member on this floor for adequate national defense, but I shall exert every effort possible to prevent a repetition of the waste, fraud, deceit that characterized the political program of the World War of 23 years ago. [Applause.]

Mr. HOLMES. Mr. Chairman, I yield myself the balance of the time on this side.

Mr. LANHAM. Mr. Chairman, I yield the balance of my time to the gentleman from Massachusetts [Mr. HOLMES].

The CHAIRMAN. The gentleman from Massachusetts is recognized for 9 minutes.

Mr. HOLMES. Mr. Chairman, I feel sure that this House wants to cooperate with the committee and pass this legislation.

I have always lived in an industrial section, and I have been in the manufacturing business myself for over 30 years, and had worked in industry long before that. I know something of the problems of the man who has to work in industrial plants. I am somewhat familiar with the conditions around camps and shipyards and arsenals; and here in the last 6 months we have authorized appropriations of over \$10,000,000,000 for a national-defense program. This is going to mean the enlargement of all the facilities that are owned by the United States itself, such as navy yards, arsenals, and other Government factories, in order to carry out this program. The enlargement of these industries means, naturally, an increase by thousands and thousands of the number of workers in these various organizations.

Surely, if this House authorized the expansion of these industrial plants, whether they are arsenals or navy yards, the Congress should provide, insofar as humanly possible, living facilities for the men to be employed.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HOLMES. I yield.

Mr. SCHAFER of Wisconsin. In view of the statement of the member of our committee from Georgia and the statement of our colleague the able and distinguished gentleman from Illinois, may I ask if it is not just as reasonable for the Government to provide housing facilities for the families of the members of the National Guard called into active Federal service and the drafted men who are to be forced into the active military service to serve for \$21 a month, and not \$9 a day and more which most of the navy yard and shipyard skilled mechanics receive? Why cannot these navy yard and shipyard workers in the national-defense expansion program, who will receive from \$10 to \$15 a day, leave their families at home, if they cannot obtain housing facilities for them near their work, the same as these soldiers who volunteer or are drafted and receive \$21 to \$30 a month have to do?

Mr. HOLMES. You know, my good colleague from Wisconsin is a great, big, jovial, good-natured, splendid Representative, and I think the world of him—otherwise I would not have yielded to him. There may be some merit in the statement which he has made, but, on the other hand, when we hire men from his district in Wisconsin—and this is still a free country—and when these employees that are in his district in Wisconsin decide they want to come to Boston or to Washington or go to Newport News or go to Springfield, where the Springfield Arsenal is located, or the Philadelphia Navy Yard, owned by the Government, or the Boston Navy Yard, owned by the Government, surely he would want us here in the East to provide suitable housing facilities, not only for the worker but also for the family, including the children of that worker. I know the gentleman would want that, and it is not a proper comparison, and it has not anything to do with this picture at all because we are faced here with an extreme emergency, and it is up to the Congress to pass this

legislation and get the ball started and have this work go along.

I understand the President has already allocated approximately \$50,000,000 on various projects. The other day we passed in the national defense bill an appropriation for \$100,000,000 for Army and Navy housing. Now, primarily that will take care of activities connected with the Army and Navy—the expansion of those facilities. Here we have another situation, where we are asking private industry to double and treble its capacity. The National Defense Commission has already authorized and placed contracts doubling and trebling the capacity of those plants, so that they now must increase their capacity in order to fulfill the Government contracts and expedite that work as much as they possibly can. It will be found in the majority of cases where these expansions take place that there will be ample private capital to carry on a program of housing in connection with these industries.

However, if private capital fails in a community, the Government, through any one of its agencies can build these homes for the benefit of the workers who are working on Government contracts for national defense.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. HOLMES. Yes; I yield to the lady.

Miss SUMNER of Illinois. I wonder if the committee considered some provision by which homes surrounding those industries and not used by workers in the defense industries might be condemned at a fixed rate, to be bought by the Government. It seems to me that would be consistent with our program of conscription of men for the Army.

Mr. HOLMES. I do not want to be so rude as to say the Government will go in and condemn homes within an area where these plant expansions are going to take place. What are we going to do with the poor people who are living in those homes? Are we going to evict them and throw them out on the street? The committee gave that very serious consideration. We considered how best we could utilize the present dwellings and the present homes located in those districts. Certainly the lady would not want to embark on a program of evicting home owners and tenants.

Miss SUMNER of Illinois. Oh, that is a common Government program. We condemn for roads and all sorts of Government purposes. We frequently condemn all of a farm or all the farms all the way down a new highway.

Mr. HOLMES. Of course, that is a different proposition entirely.

Miss SUMNER of Illinois. Condemnation for any Government purpose is certainly a well-established custom and certainly defense is a Government function.

Mr. HOLMES. But the lady would not want us to go up to the Great Lakes station, for instance, and condemn the homes of people living around there—

The CHAIRMAN. The time of the gentleman has expired.

The Clerk read as follows:

*Be it enacted, etc.,*

#### TITLE I

SECTION 1. In order to provide housing for persons engaged in national-defense activities, and their families, in those areas or localities in which the President shall find that an acute shortage of housing exists or impends which would impede national-defense activities, the Federal Works Administrator (hereinafter referred to as the "Administrator"), acting through the Public Buildings Administration, is authorized:

(a) To acquire (without regard to secs. 355, as amended, 1136, as amended, and 3709 of the Revised Statutes) improved or unimproved lands or interests in lands by purchase, donation, exchange, lease (without regard to sec. 322 of the act of June 30, 1932 (47 Stat. 412), as amended, the act of March 3, 1877 (19 Stat. 370), or any time limit on the availability of funds for the payment of rent), or condemnation (including proceedings under the acts of August 1, 1888 (25 Stat. 357), March 1, 1929 (45 Stat. 1415), and February 26, 1931 (46 Stat. 1421)).

(b) By contract or otherwise (without regard to secs. 355, as amended, 1136, as amended, and 3709 of the Revised Statutes, sec. 322 of the act of June 30, 1932 (47 Stat. 412), or any Federal, State, or municipal laws, ordinances, rules, or regulations relating to plans and specifications or forms of contract, the approval thereof or the submission of estimates therefor) to make surveys and investigations, plan, design, construct, remodel, extend, repair, or demolish structures, buildings, improvements, and com-



munity facilities, on lands or interests in lands acquired under the provisions of subsection (a) hereof or on other lands of the United States which may be available (transfers of which for this purpose by the Federal agency having jurisdiction thereof are hereby authorized notwithstanding any other provisions of law), provide proper approaches thereto, utilities, and transportation facilities, and procure necessary materials, supplies, articles, equipment, machinery, and portable or demountable structures, interchangeable parts or units: *Provided*, That the cost-plus-a-percent-of-cost system of contracting shall not be used, but this proviso shall not be construed to prevent the use of the cost-plus-a-fixed-fee form of contract: *Provided*, That the average cost per family dwelling unit shall not exceed the sum of \$3,500, exclusive of expenses for administration, land acquisition, public utilities, and community facilities.

With the following committee amendment:

Page 3, line 6, after the word "and", strike out the remainder of the line and the words "parts or units" in line 7, and insert "do all things necessary in connection therewith to carry out the purposes of this act."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 12, after the word "*Provided*", strike out down through the word "facilities", in line 15, and insert "That the cost per family dwelling unit shall not exceed an average of \$3,000 for those units located within the continental United States nor an average of \$4,000 for those located elsewhere, and the cost of no dwelling unit shall exceed \$3,950 within the continental United States or \$4,750 elsewhere, exclusive of expenses of administration, land acquisition, public utilities, and community facilities, and the aggregate cost of community facilities shall not exceed 3 percent of the total cost of all projects."

The committee amendment was agreed to.

Mr. LANHAM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LANHAM: Page 1, line 3, strike out "Title I."

Mr. LANHAM. Mr. Chairman, there is only one title in this measure. That crept in by an inadvertence.

The amendment was agreed to.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHAFER of Wisconsin: Page 1, lines 5 and 8, after the word "national", insert "the United States."

Mr. SCHAFER of Wisconsin. Mr. Chairman, this amendment is self-explanatory. We are told that it is essential to authorize the expenditure of this \$150,000,000 from our almost bankrupt Federal Treasury in the name of national defense, in order to have the Government of the United States compete in the legitimate field of private business endeavor, to wit, the housing business.

Mr. LANHAM. Will the gentleman yield for a question?

Mr. SCHAFER of Wisconsin. I yield.

Mr. LANHAM. I assume that the gentleman intends by the term "United States" to include the Territories?

Mr. SCHAFER of Wisconsin. Most certainly. The language of my amendment does include the Territories.

Mr. LANHAM. And United States possessions?

Mr. SCHAFER of Wisconsin. Oh, yes; it certainly does. My amendment restricts this expansive and expensive Government in the housing business to providing housing which may be found necessary to expand and strengthen the defense of the United States and its possessions and Territories. As the bill has been reported by the Committee on Public Buildings and Grounds, any or all of the \$150,000,000 authorized can be used to provide housing facilities for workers who are not engaged in United States defense activities, but who are engaged under a program to build and strengthen the offense and the defense of belligerent foreign European nations.

Mr. Chairman, we have been informed in the committee and on the floor of the House that the \$100,000,000 carried in the recent appropriation bill for national-defense housing, and this \$150,000,000 authorization will not come anywhere near providing the necessary Government housing for our national-defense workers.

My amendment should therefore be adopted in order that the funds taken from our almost bankrupt United States Treasury to provide housing facilities for workers on our country's national-defense program shall be used only to provide housing for defense workers who are employed in ship-building and other industries and producing for the United States national-defense machine and not engaged in producing warships, airplanes, implements of war, munitions of war, and war supplies for the defense and offense of some foreign European belligerent nation which is engaged in war.

In view of the fact that it is claimed by the sponsors of this bill that this authorization of \$150,000,000 and the \$100,000,000 recently appropriated will not come anywhere near providing the additional housing facilities which are needed for the national-defense activities of the United States, I do not see how there can be any valid objection to my pending perfecting amendment which will insure that the \$150,000,000 will be entirely used in the defense program for our country and our countrymen and not for the defense or offense program of a foreign belligerent country.

With reference to the statement of a member of my committee, the gentleman from Georgia, I am going to offer some more perfecting amendments and I hope the gentleman will support them. The gentleman indicated that anyone who opposed this bill in its present form was not in favor of national defense. I am in favor of national defense just as much as the gentleman is and perhaps more so. I realize that perhaps the most effective thing we can do in the United States in the interest of our national defense is to protect and preserve the solvency of the Federal Treasury. No bankrupt nation can defend herself from within or without. No nation which is bankrupt or almost bankrupt can successfully fight a defensive war or an offensive war. May I say to the gentleman that we need more constructive action and less flag-waving talk with reference to providing a national defense and insuring the preservation of our Republic. Mr. Chairman, may I remind the gentleman from Georgia that we read in Holy Writ: "For as the body without the spirit is dead, so faith without works is dead also." With reference to our national defense, let us demonstrate that we have the works as well as the faith. Let us have sound, constructive action as well as flag-waving oratory.

Mr. Chairman, the gentleman from Georgia, in support of this bill, said that it would provide necessary housing for the colored helpers in the shipyards and other defense activities down South. I sincerely hope that in the housing program provided under this bill there will be no discrimination against and segregation of the colored defense workers down South as there has been under the New Deal United States Housing Authority in the Nation's Capital and in the States below the Mason and Dixon's line.

Mr. Chairman, the gentleman stated that we should raise our almost bankrupt Federal Treasury to provide housing facilities for the colored helpers and workers in the Southland but thinks it highly improper because the gentleman from Illinois suggested that they could leave their families home if they could not obtain housing for them near their place of work the same as the members of the National Guard and those who are forced into the military service under the bill which passed the House on Saturday. These volunteers and drafted soldiers will serve their country for 21 and 30 dollars a month instead of the 8, 9, 10, and 15 dollars a day which many of the civilian shipyard and other defense workers receive.

Mr. Chairman, I sincerely hope that in the interest of our almost bankrupt Federal Treasury and in the interest of our own country's national defense that the gentleman from Georgia will rise and support this amendment. [Applause.]

[Here the gavel fell.]

Mr. EBERHARTER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not know what reason the gentleman from Wisconsin could have had for offering this particular amendment. It seems to me to be entirely superfluous and to serve no purpose whatsoever. It can do no good. My

objection to it rises because of the fact that none of the preparedness measures this House has passed so far have contained these words. Were we to adopt this particular amendment, it might put this defense measure on a basis different from the others we have passed. I hope, therefore, the Committee will not agree to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. SCHAFER of Wisconsin) there were—ayes 21, noes 52.

So the amendment was rejected.

Mr. LUCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: Page 3, line 23, after the words "the total cost of all projects", insert "The total cost of the land shall not exceed \$1,000 nor more than 20 cents a square foot."

Mr. LUCE. Mr. Chairman, possibly through inadvertence as the bill now reads no limitation whatever is imposed on the amount that may be spent for land. In my own district there is an arsenal. I suppose there is not within easy walking distance a square foot of land that could be bought for less than 20 cents a foot. If the law stands as it is now, those who own any vacant real estate in that city will immediately jack up their prices and the Government will be gouged.

In Charlestown, a part of Boston, is a navy yard. It is on a promontory covered by blocks. There is probably not a house there with a square foot of lawn. From Charlestown it would be necessary to go some distance in order to get land available at a reasonable price.

I myself live on land that is assessed at 20 cents a square foot. It is in a suburb and can be reached, as it has been reached by myself in conducting my own affairs, by the use of the trolley car or the steam railroad. Land can be bought for 20 cents a foot in a suburb easily traversed now by automobile or by railroad. If you have no limit at all on the price that may be paid for land, there would be immediately offered the Government at exorbitant prices nearby land at 40 cents, 50 cents, or even a dollar a foot.

Mr. ALEXANDER. Will the gentleman yield?

Mr. LUCE. I yield to the gentleman from Minnesota.

Mr. ALEXANDER. At 20 cents a foot, what does the gentleman compute that to produce per acre?

Mr. LUCE. We do not buy land by the acre up my way.

Mr. ALEXANDER. If you are in a suburban area, it may be undeveloped acreage. There are approximately 43,000 square feet in an acre, which would produce \$8,660 per acre at 20 cents a foot. That should be adequate.

Mr. LUCE. That should be adequate. We do not want to go beyond that. This is simply to put a limit on the price of land, which does not now appear in the bill.

Mr. CRAWFORD. Will the gentleman yield?

Mr. LUCE. I yield to the gentleman from Michigan.

Mr. CRAWFORD. In my previous remarks I touched on this very lightly, but, as I understand the gentleman's amendment and the language on page 3 of the bill, the language as presented by the committee amendment would permit the Administrator, if he is willing to do so, to put as much as \$5,000 into the cost of a 25 by 100 foot lot on which to build a \$3,000 or a \$4,000 home.

Mr. LUCE. That is true.

Mr. CRAWFORD. There is no limitation at all. The bill is wide open and I think the gentleman's amendment should be written into the bill without question.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. LUCE. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. The gentleman is an esteemed member of the Banking and Currency Committee, which considers F. H. A., national housing, and other housing legislation. I am frank to recommend his amendment, since the testimony before that committee has clearly shown that one great opportunity for corruption and for waste of public money has come from the buying of options upon property adjoining any housing project.

Mr. ALEXANDER. Will the gentleman yield further?

Mr. LUCE. I yield to the gentleman from Minnesota.

Mr. ALEXANDER. To carry the thought that I brought up a moment ago a step farther, let us take the average city lot which usually runs about 50 feet wide and about 100 to 150 feet long.

Mr. LUCE. Yes.

Mr. ALEXANDER. In other words, if you have a lot 50 by 120, it will contain 6,000 square feet. At 20 cents a square foot that would give you \$1,200 per lot. It seems to me that should be quite adequate.

Mr. MASON. It is more than adequate.

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I rise in opposition to the amendment offered by the distinguished gentleman from Massachusetts [Mr. LUCE], and he is a most able and distinguished gentleman, for whom I am sure we all have a most affectionate regard. However, the amendment he has offered will, in my opinion, militate against the accomplishment of the purposes designed by this bill in the acquisition of real estate.

In the first place, if we put in a limitation of 20 cents per square foot, then every piece of land offered to the Government will be priced at 20 cents per square foot, while a great deal of land can be bought for very much less than that figure. In that regard it would be a limitation that would cost the Government additional money.

Mr. Chairman, it is impossible to tell in the various localities what land will cost. May I say that in my previous remarks I indicated the various States in which this construction would take place. The 120,000 dwelling units as contemplated for civilian workers under this measure are to be located in localities in these various States, and to specify those localities in advance, or to get the names of those places into the public record would bring about, I think, the very situation which the gentleman from Massachusetts has sought to anticipate by his amendment; that is, the publicity with reference to these places will immediately lead to speculation in land which would result in costing the Government more money. Under the circumstances, it is not wise to place this limitation in the bill, because the maximum would likely become the minimum. People would ask for their land, where this land was needed, the maximum, then we would have to resort to condemnation proceedings or something of that kind.

In the second place, we must leave the matter to the discretion of those who are to administer this act and we must manifest some confidence in them. It is no easier to say what your land standard of value shall be than it is to say what your standard shall be for the rental of dwellings, insofar as a uniform price is concerned. I think it would really militate against speedy construction which is urgently needed and desired if a limitation of this kind were placed in the bill, and in my opinion it might even cost the Government more money.

Mr. ALEXANDER. Will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Minnesota.

Mr. ALEXANDER. Is the gentleman not underrating the ability of the Government experts who will be sent out to negotiate for this real estate? Has the gentleman ever dealt with any of these Government buyers?

Mr. LANHAM. I am not underestimating their ability.

Mr. ALEXANDER. I think the gentleman should have more confidence in the representatives that the Government sends out.

Mr. LANHAM. We do have confidence in them, and that is the reason we do not wish to bind them to a limitation which might lead to the expenditure of more money than would otherwise be necessary.

Mr. MASON. Will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Illinois.

Mr. MASON. I understand the bill limits or sets up a standard that an average home shall not cost more than \$3,000.

Mr. LANHAM. That is correct; and we do not expect them to cost that much.

Mr. MASON. If we set up a standard by which the lot upon which a \$3,000 house is to be built shall not cost more



than \$1,000 or \$1,200, it seems to me we are setting up a standard that ought to be adopted and that we should not go beyond that.

Mr. LANHAM. I may say to the gentleman there are certain isolated sections where land will not cost anything like that; but if you set that standard up in this bill, those who own this land will say, "Give me 20 cents a square foot for the land."

Mr. MASON. Then by the same argument, when you set up a standard of \$3,000 for the house, in certain localities the house could probably be built for \$1,000.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. LUCE].

The question was taken; and on a division (demanded by Mr. MASON) there were—ayes 22, noes 55.

So the amendment was rejected.

The Clerk read as follows:

Sec. 2. As used in this act (a) the term "persons engaged in national-defense activities" shall include (1) enlisted men in the naval or military services of the United States; (2) employees of the United States in the Navy and War Departments assigned to duty at naval or military reservations, posts, or bases; (3) workers engaged or to be engaged in industries connected with and essential to the national defense; (b) the term "Federal agency" means any executive department or office (including the President), independent establishment, commission, board, bureau, division, or office in the executive branch of the United States Government, or other agency of the United States, including corporations in which the United States owns all or a majority of the stock, directly or indirectly.

Sec. 3. The sum of \$150,000,000, to remain available until expended, is hereby authorized to be appropriated to carry out the purposes of this act in accordance with the authority therein contained and for administrative expenses in connection therewith: *Provided, however,* That the Administrator is authorized to reimburse, from funds which may be appropriated pursuant to the authority of this act, the sum of \$3,300,000 to the emergency funds made available to the President under the act of June 11, 1940, entitled "An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1941, and for other purposes" (Public, No. 588), and the sum of \$6,700,000 to the emergency funds made available to the President under the Military Appropriation Act, 1941, approved June 13, 1940 (Public, No. 611).

Sec. 4. When the President shall have declared that the emergency declared by him on September 8, 1939, to exist has ceased to exist (a) the authority contained in section 1 hereof shall terminate except with respect to contracts on projects previously entered into or undertaken and court proceedings then pending, and (b) property acquired or constructed under this act shall be disposed of as promptly as may be advantageous under the circumstances and in the public interest.

Sec. 5. Where any Federal agency has funds for the provision of housing in connection with national-defense activities it may, in its discretion, make transfers of those funds, in whole or in part, to the Administrator, and the funds so transferred shall be available for, but only for, any or all of the objects and purposes of and in accordance with all the authority and limitations contained in this act, and for administrative expenses in connection therewith.

Sec. 6. Moneys derived from rental or operation of property acquired or constructed under the provisions of this act shall be returned to the appropriation authorized by this act and shall be available for expenses of operation and maintenance, including administrative expenses in connection therewith.

With the following committee amendment:

Page 5, line 25, after "therewith", insert "and the unexpended balance of the moneys so deposited shall be covered into the Treasury at the end of each fiscal year as miscellaneous receipts."

The committee amendment was agreed to.

Mr. VOORHIS of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this bill to provide housing for defense workers is, of course, an important and necessary piece of legislation. I presume it will pass the House with hardly any dissent at all. There are one or two remarks I want to make in connection with its consideration, however.

It has been provided in the bill that construction work shall be under the Federal Works Agency, which probably means under the Public Buildings Administration. Had we still intact, as we ought to have, the organization of the P. W. A., the handling of this matter would be much easier than it is, in my judgment. There was an organization all

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set up ready to go, able to do all sorts of jobs that are going to be important in connection with national defense. In the last year between 9,000 and 10,000 competent, experienced, trained, and loyal persons have had to be let go from that organization because we did not have the foresight to say that it should have been continued, and now, without in any way saying "I told you so," I would just like to remark that I offered an amendment to the bill last year which would have continued it, and I think it should have been done.

The second thing I want to speak about is this: While we are thinking about national defense we would do well to consider also the question of the morale of the American people. The spirit of those people is going to depend in large part upon how convinced they are that their Congress still cares deeply about what happens to them. It seems to me that it is a shame that there has not been reported out a rule for a bill to provide just a \$5,000,000 appropriation to enable the payment of necessary subsidies which would make possible \$150,000,000 worth of loans for low-cost housing projects under the United States Housing Authority. I think that should have been done long since. I think it ought to be done before we adjourn.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. As a matter of fact, one of the necessary elements of a strong government is a sound, affirmative morale on the part of the people.

Mr. VOORHIS of California. Exactly. I thank the gentleman.

I know what the criticisms against the United States Housing Authority have been, and on the basis of it being understood that I am generally very much in favor of this slum-clearance program, I can paint for you a rather ridiculous picture of the financing provisions. For example, Congress first authorizes the sale of so many hundred million dollars worth of bonds—we will say for the sake of argument \$500,000,000 worth of bonds—by the United States Housing Authority. All right; the Housing Authority goes out and sells those bonds. Most of them are sold to banks. The banks buy them with demand deposits which they write up on their books when they purchase the bonds, the bonds being eligible collateral for the issuance of Federal Reserve notes, so that the banks really exchange a certain number of dollars of the Nation's credit for bonds of the United States Housing Authority whose face value is the same number of dollars. To put it more simply, the banks just create the money with which to buy the bonds.

Then with the credit obtained by the sale of the bonds the United States Housing Authority makes loans to the local housing authorities which are secured by the bonds of those local authorities and on which there must be a rate of interest paid equal to, I believe, half a percent more than the going Federal rate which, of course, is paid by the United States Housing Authority on the bonds it has outstanding. Then, in order to be sure that the United States Housing Authority gets its money back, Congress makes appropriations and subsidies are paid to the local housing authorities equal to the going Federal rate plus 1 percent, over a 60-year period, which is approximately enough to liquidate both the interest and principal. These loans obviously are secured by the fact that the lending agency, that is, the Federal Government, guarantees to pay to the borrowing agency enough money to enable the borrowing agency to pay the lender back again. In addition, the loan is secured by the property, namely, the houses that are to be constructed.

Under such circumstances the credit involved in these loans rests directly upon the power of appropriation of Congress plus the value of the property itself. Therefore I should like to know why the bonds were sold by the United States Housing Authority in the first place and what necessity there is for the sale of those bonds.

[Here the gavel fell.]

Mr. VOORHIS of California. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. VOORHIS of California. These bonds that were sold by the United States Housing Authority were, after all, a means of inducing the banks to create credit or check-book money for the use of a Government agency. The original creation of money is a function of sovereignty and should always be performed by government anyway. Hence, where secured loans are to be made the Government of the United States is, by its very nature, always in possession of the credit necessary to make such loans. Now, if these bonds had not been sold by the United States Housing Authority, but if the financing of these enterprises had been carried on exactly like a private bank would have done it, then you would not have had to charge the local Housing Authority 3 percent interest on the loans to them. If you had not had to charge them 3 percent interest on those loans, then you could have cut your subsidy in three, or maybe less than that, and it would not have been necessary for Congress to have made the appropriations that everybody kicks about to make the subsidies to the local housing authorities.

When all is said and done, what happens is that the subsidies that Congress appropriates under the United States Housing Authority are in reality eventually paid to the private banks which originally bought the bonds of the United States Housing Authority, as a subsidy to those banks for the creation of credit for the use of an agency of the United States Government.

My contention is that we ought to be able to short circuit this thing and to see clearly that it is altogether possible for a sovereign government to make loans from the credit that it commands through its taxing power and through its power to create money originally. We ought to be able to make secured loans against the construction of real property of substantial value without having to go into debt through the sale of bonds to do it. If you did that, this United States Housing Authority program would evidently be one of the easiest things to finance, one of the clearest things to do, and one of the things that would meet with the least opposition, perhaps, of any program we have.

I can make the same argument with regard to farm-tenancy loans and agricultural loans of every sort. I do believe, Mr. Chairman, that as we face this problem of national defense we had better give consideration to the recapturing of the power of the Government of the United States to make use directly of the credit of this Nation.

Mr. PITTENGER. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from Minnesota.

Mr. PITTENGER. The gentleman's statement is a statement of facts, and indicates that the present set-up and structure of the United States Housing Authority is not working—that it is a huge joke.

Mr. VOORHIS of California. But it can work very easily, and on the construction side I should say it is working very well. My contention is that an utterly unnecessary financial burden is being carried. Most of the arguments against it are not the right arguments. Most people get up here and argue that it is extravagant and that it costs a lot more money than it should. They say we are paying for these houses three times over. The same argument can be made against any project that is financed by the sale of interest-bearing bonds. But we hear it used only in the case of the United States Housing Authority. I believe the real truth is that some people do not want this slum clearance to go forward, but they make a lot of arguments that they could use quite as well against road building or anything else that is financed by an interest-bearing public debt. [Applause.]

[Here the gavel fell.]

Mr. KELLER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Early in this discussion I tried to ask a few questions and get over one idea to this House. To start with I want to say that I am for this bill. I have been for every other defense bill that we have had, and I am going to be for every other defense measure that we may have hereafter. That is the way I feel about it. It is worth whatever it costs, because America is worth saving, and that is what we are undertaking at this time.

The thing, however, that induced me to ask questions was this: In the twenty-fifth district of Illinois, which I have the great honor to represent, there are in six coal counties alone, one of them in the district of the gentleman from Illinois [Mr. PARSONS], 235,000 people altogether. That is the number of all the inhabitants in those six coal counties. In 1926, 34,700 miners were employed constantly. This year they are employing on very slack part time 15,000. In other words, during that interval 19,700 miners have lost their jobs. We are spending in southern Illinois alone \$26,000,000 a year to prevent starvation. I asked here quite recently for the whole of \$400,000 to complete the Crab Orchard project, which had been misrepresented by men who knew nothing in the world about it and who were unwilling to learn. That was denied by the Appropriations Committee and by this House, and through that denial we lost our opportunity of getting a munitions plant to be paid for by the British and French Governments at that time.

I am suggesting simply this, that where a condition like that exists, it seems to me like nonsense and worse if we do not put some of these preparedness projects into a section where employment is so terrible as it is in these coal counties. We can save to start with if they give us one of the large or even one of the fair-sized units required at the present time, by cutting in two immediately the \$26,000,000. We can save \$13,000,000. We can provide also, little by little, for getting entirely out of the hole and going on to permanent prosperity in that great district. These six counties have produced 1,147,000,000 tons of coal since 1882, when we began to keep a record, and a great many millions more before that.

I am standing here saying to you that what the Government ought to do and what this body ought to do is to set it forth as a policy that where there are conditions of that kind we direct our representatives in the Army and the Navy to use that labor to do away with unemployment. I am saying to them, "Here is a place where you do not have to build a single solitary house; we are already housed; we have our houses and our schools and our homes. We want jobs. We know how to work with machinery and we want to work. We are not wanting W. P. A. or anything else outside of pay for a man's work, and it seems to me no section of the United States needs it so badly or has a better right to practical consideration. And I am standing here suggesting to this House that it ought to be one of the expressions of this body when we pass this bill or any other bill that requires employment of great numbers of people in the United States, to give employment where it is needed most. We have got the houses. All we want is the work, and nothing else; but we want an opportunity for work. We have the roads, we have a way of getting anywhere you may wish there, and we have in addition 40,000,000 more tons of coal there available under present mining conditions—enough to last us thousands of years. Put these war babies where they will do the most good. [Applause.]

Mr. MAGNUSON. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I only do this to ask the chairman of the committee a question. In my own district is located the Puget Sound Navy Yard, in which there is an acute housing condition. I am glad to see this bill because, as a matter of fact, the workmen have been sleeping in the city jail there. That is how acute the condition is. About 2 months ago, under the United States Housing Authority, the President allocated the sum of about \$2,000,000 through that Authority, to build housing projects in the city of Bremerton. This bill provides a new administrator for further housing projects in these navy-yard districts. Would there not be some duplication of authority there?



Mr. LANHAM. No; I do not understand there would be because the housing that is to be put up here for these civilian workers is to be additional to any housing that is already available, and it is the intention to employ any existing housing that may be available and therefore there would not be duplication.

Mr. MAGNUSON. Under this bill, suppose there was a housing project—and there are several in process of construction now in some of these navy yards, and suppose some more defense housing units were built, the Administrator under this Authority could well say, if the Housing Authority is managing those properties, "You go ahead and manage them just like you have before and manage the new ones," could they not?

Mr. LANHAM. It is not the function of the Administrator under this measure to be interfering with whatever the Housing Authority is doing under its functions, and under the law establishing those functions. This is to be additional to any housing that is now being done by other agencies. As far as the Army and Navy are concerned, they act in conjunction with the Council of National Defense, with reference to the necessity for all of this housing.

Mr. MAGNUSON. What I am getting at is this: In some of these navy-yard districts there will be housing projects completed before any housing project under the authority of this bill could be completed. It is conceivable that there will be two housing projects side by side. In that kind of a situation, what about duplication of the management?

Mr. LANHAM. One will be completed, under your statement, before the other begins.

Mr. BLAND. But they could utilize the same agency, could they not?

Mr. LANHAM. Under the terms of this measure the Administrator is authorized to use the personnel or facilities of any of these housing agencies, if that is the information the gentleman wishes to get.

Mr. MAGNUSON. Yes.

Mr. THOMAS F. FORD. Will the gentleman yield to me?

Mr. MAGNUSON. I yield.

Mr. THOMAS F. FORD. You are going to build housing facilities at plants that are manufacturing for national defense?

Mr. LANHAM. Yes.

Mr. THOMAS F. FORD. Now, let us take an airplane plant, for instance, in a big city, where there are 50,000 vacant units throughout the city. Are you going to permit them to leave those units vacant and build around that plant?

Mr. LANHAM. It is not the purpose to do that. They said they wanted to use all available housing before beginning any housing construction of their own.

Mr. THOMAS F. FORD. The people in my district are very much disturbed about that because there are a great many vacancies in a great city.

Mr. LANHAM. I would suggest that whatever construction is contemplated in the gentleman's district, he bring these available facilities to the attention of the Administrator and the Council for National Defense, in order that there may be no duplication, because it certainly is and should be the policy to use all available housing, where workers can be used, at reasonable rentals, that are now in existence.

Mr. THOMAS F. FORD. Will the gentleman yield further?

Mr. MAGNUSON. I yield.

Mr. THOMAS F. FORD. You are speaking of U. S. F. H. A. housing facilities, which are for people of small income.

Mr. MAGNUSON. Which have been allocated recently for those areas.

Mr. THOMAS F. FORD. That would be absolutely impractical, in my judgment, for the people who administer that, to undertake this, which is under another department of the Government.

Mr. McGRANERY. Will the gentleman yield?

Mr. MAGNUSON. I yield to the gentleman.

Mr. McGRANERY. Would the gentleman accept an amendment to the bill which would provide for the utilization of these local housing authorities, where they have already been established, so as to prevent any duplication?

Mr. LANHAM. If the gentleman has the bill before him with the committee amendment, he will see that in section 8 there was an effort made to do that. That is, to the extent of utilizing the employees and facilities, not only of the Federal Works Agency, but all other Federal agencies and of any local public agency.

[Here the gavel fell.]

Mr. MAGNUSON. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McGRANERY. Will the gentleman yield further to me?

Mr. MAGNUSON. Yes; I yield.

Mr. McGRANERY. Do I take it that the gentleman understands the language as in the amended bill would authorize these local housing authorities to carry on this work where they are already established?

Mr. LANHAM. It would authorize the Administrator, under this measure, to utilize the personnel and facilities of these various housing organizations, and reimburse them to the extent that they used their facilities and personnel. That is the authority as far as this bill is concerned. The statement was made before our committee by those sponsoring this bill that they wanted to use every available agency, and they must depend, of course, upon the circumstances of any particular place. They want to get as much private capital and industry into it as they can. They want to use whatever is available, but all to be under the direction, necessarily, of a responsible head, who will be the administrator mentioned in the bill.

Mr. McGRANERY. I have in mind a situation today which is most confusing. The commandant at the Philadelphia Navy Yard may say he would like to have it at a particular site. The local city council, which is also interested from a tax standpoint, may want some other site. And we have a local housing authority, established by law in Philadelphia, that has, for the past 5 years, made a complete survey of the entire housing situation in and around the city and they have all the data available at their fingertips as to just where housing projects should be established, and would be most beneficial in carrying out this program from a standpoint of national defense.

Mr. LANHAM. May I say to the gentleman right there, a few days ago we passed a defense bill carrying an appropriation of \$100,000,000 to be used by the Army and Navy, and my information is to the effect that that practically takes care of the needs of the Navy. By the terms of that very legislation the Navy is permitted to use any agency that it pleases in carrying out that construction.

Mr. McGRANERY. That provides for housing within the navy yard. We are talking about two different things, I believe.

Mr. LANHAM. I think if the gentleman will read the amendment which became a part of the law and which was offered by the gentleman from Virginia [Mr. BLAND] he will find that it does not apply exclusively to the navy yards but also to the plants around and in connection with it.

Mr. MAGNUSON. That is what I was going to clear up. That rider to the defense bill is being used by the Army and Navy in these Army and Navy vicinities where there is a navy yard or an army post.

Mr. LANHAM. That is right.

Mr. MAGNUSON. In my case, in Bremerton they are using the local housing authority, under the United States Housing Authority, to build these units.

Mr. LANHAM. They have that authority under the law.

Mr. MAGNUSON. Yes. The purpose of this bill is to add additional units in other places where housing needs on account of the defense program are acute.

Mr. LANHAM. That is right. When the defense measure was before us and that amendment was pending, I made a few remarks on the floor of the House in which I expressed the desire and what I think is the purpose that the money

would be used by the Army and the Navy for their own establishments or for those needs that were in such proximity to them that they must have them if they were to carry on, and they were authorized to use any of these agencies in the expenditure of those funds. My understanding is, the information I receive is, that the Navy is getting what it needs in that regard for the construction which is now taking place.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. MAGNUSON. I yield.

Mr. SABATH. Was it not intended that under this bill it would be possible for various agencies to be called in, especially when they had the knowledge and experience and were already working and preparing plans at sites that had been agreed on?

Mr. LANHAM. To the extent that is indicated in section 8 of the bill, the Administrator can use their facilities and personnel and reimburse the agencies to the extent they can be helpful.

[Here the gavel fell.]

The Clerk read as follows:

SEC. 7. Notwithstanding any other provisions of law, whether relating to the acquisition, handling, or disposal of real or other property by the United States or to other matters, the Administrator, acting through Public Buildings Administration, with respect to any property acquired or constructed under the provisions of this act, is authorized by means of Government personnel, selected qualified private agencies, or public agencies (a) to deal with, maintain, operate, administer, and insure; (b) to pursue to final collection by way of compromise or otherwise all claims arising therefrom; (c) to rent, lease, exchange, sell for cash or credit, and convey the whole or any part of such property and to convey without cost portions thereof to local municipalities for street or other public use: *Provided*, That any such transaction shall be upon such terms, including the period of any lease, as may be deemed by the Administrator to be in the public interest: *Provided further*, That any lease authorized hereunder shall not be subject to the provisions of section 321 of the act of June 30, 1932 (47 Stat. 412).

Committee amendment:

Page 6, line 19, after the word "interest", insert a colon and the following proviso: "*Provided further*, That the Administrator shall fix rentals, on projects developed pursuant to this act, which shall be within the financial reach of persons engaged in national defense."

Mr. CRAWFORD. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD to the committee amendment: On page 6, line 20, after the word "fix", insert the word "fair."

Mr. LANHAM. Mr. Chairman, I assume that the gentleman from Michigan intends by his amendment that the rentals to be fixed shall be fair to both workers and Government.

Mr. CRAWFORD. That is correct.

Mr. LANHAM. That is the intention of the committee amendment, and I see no objection to the adoption of the gentleman's amendment, for it merely clarifies the committee amendment.

The CHAIRMAN. The question is on the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHAFER of Wisconsin: On page 6, line 25, after the period at the end of line 25, insert "*Provided further*, That funds authorized under this act can be made available to the United States Housing Authority for loans or grants to local municipal housing authorities for the erection of permanent housing projects: *Provided, however*, That projects built with such funds shall be used to house workers in defense industries and establishments during the emergency."

Mr. LANHAM. Mr. Chairman, I reserve a point of order against the gentleman's amendment.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I hope the gentleman will not make a point of order against the amendment because if the point of order is sustained against this amendment as offered to section 7, it will not be sustained under the rules of the House when I offer it to section 8. Now, let us get at some facts. I ask the particular attention of Members from Boston, Philadelphia, and other large cities which will have increased shipbuilding and other national-defense activities.

This bill proposes to erect Government housing projects, permanent and temporary, at a cost of \$150,000,000. Do you believe that it is good, sound business practice to erect in Boston, Philadelphia, or Chicago or other large centers temporary housing projects which are to be disposed of after the emergency is ended? The Government will receive very little for these temporary buildings and in most cases will have to pay a wrecking contractor for taking them away as was done after the last World War. The population in Boston, Chicago, Philadelphia, Washington, D. C., and these other large cities will naturally increase. We should therefore build permanent housing facilities, in and adjacent to these large cities, which can be utilized after the emergency is over. What does the testimony show?

One of the best witnesses before our Committee on Public Buildings and Grounds was presented to the committee by the very distinguished gentleman from South Boston, Mass. [Mr. McCORMACK]. This witness was Mr. John A. Breen, chairman of the Boston Housing Authority, of Boston, Mass. Mr. Breen testified that the permanent municipal housing projects of his local municipal authority, including sidewalks, sewers, all the other trimmings, land, and buildings for permanent structures, substantially built with a life expectancy of 60 years or more, was an average of \$4,755 per dwelling unit, with an average of 2.6 bedrooms per dwelling unit. Now, let us look at Boston. Near Boston we have the city of Quincy, about 10 miles away, where we have the Bethlehem shipbuilding establishment, where we are going to expand defense activities and, under this bill, provide housing facilities for defense workers. In Boston we also have the Charlestown Navy Yard, which we are going to expand and provide housing for defense workers. Do you think it is reasonable or economical to erect temporary homes in and adjacent to Boston and Quincy and tear them down or sell them for little or nothing after the emergency ended?

Mr. HOLMES. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER of Wisconsin. I yield.

Mr. HOLMES. This legislation, of course, contains no provision for, nor did the Army or Navy request, any additional housing facilities in connection with the Charlestown Navy Yard, nor to my knowledge even for the Philadelphia Navy Yard.

Mr. SCHAFER of Wisconsin. I beg to differ with the gentleman because the administrative proponents mentioned many of the navy yards, including those in the District of Columbia, Boston, and Philadelphia, when they asked for the enactment of this bill. The record of the executive sessions and the public hearings will show that.

Mr. HOLMES. I agree with the gentleman as far as the Washington Navy Yard is concerned.

Mr. SCHAFER of Wisconsin. Yes; and the Boston and Philadelphia Navy Yards, as well as the Bethlehem Shipbuilding Corporation.

Mr. Chairman, in and adjacent to Philadelphia we have the United States Government navy yard, we have the Cramp Shipbuilding Co., the Sun Shipbuilding Co., and we have a large Government establishment which manufactures clothing for the Army and Navy. All of these facilities will be greatly expanded. Do you believe that it is good business or economical to erect temporary homes to house thousands of additional defense workers for these establishments under the pending bill and after the emergency is over pay some junk dealer or building wrecker to tear them down or sell them for little or nothing?



Mr. Chairman, my pending amendment is not mandatory. It is permissive. It merely makes available such funds as the authorities which have charge of the funds authorized in this bill desire to loan or grant to local municipal housing authorities through the United States Housing Authority so that permanent buildings can be erected in places such as Philadelphia, Boston, Chicago, and other large cities. My amendment also provides that such loans or grants to the local housing authorities shall have a restriction which insures that the permanent housing facilities built with those funds shall during the emergency be used for the purpose of housing workers who are engaged in defense activities.

[Here the gavel fell.]

Mr. SCHAFER of Wisconsin. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin [Mr. SCHAFER]?

There was no objection.

Mr. SCHAFER of Wisconsin. Mr. Chairman, my amendment is simply permissive. I am not suggesting that the United States Housing Authority or any local municipal housing authority be specifically allocated one penny under this bill. All I am asking you to do is to make available any portion of the \$150,000,000 which those in charge of our national defense housing program desire to allocate for this purpose. Such grants and loans to be for local municipal housing authorities, so that they can construct permanent buildings which will be an asset instead of a liability after the emergency is over. During the emergency those buildings can only be used to house defense workers under my amendment.

Mr. EBERHARTER. Will the gentleman yield?

Mr. SCHAFER of Wisconsin. I yield to the distinguished gentleman from Pennsylvania.

Mr. EBERHARTER. The gentleman does not think it is wise or practical to mix up a national-defense program such as this is with the social-experiment program of the United States Housing Authority, which serves an altogether different purpose and would not work out practically with this defense program at all?

Mr. SCHAFER of Wisconsin. I respectfully disagree with the gentleman. I am not in favor of the Federal Government experimenting in the housing business or any other legitimate field of private business. We have a condition to meet, if you please, and section 8 of this bill, appearing on page 7, just discussed in the debate, only grants authority to the governmental agency having charge of this \$150,000,000 defense housing program to utilize the services of the personnel and administrative set-up of the United States Housing Authority and local municipal housing authorities.

A number of Members on the floor of the House asked questions of the chairman of the Committee on Public Buildings and Grounds, and from the questions it appeared to me that they were trying to ascertain just how far the use of the local housing authorities and the United States Housing Authority could be made under this bill. Without my amendment their only use would be to utilize the services of their employees and their administrative set-up. Not one penny could be expended for the erection of housing facilities by them.

If you are really interested in providing permanent buildings in and adjacent to these large industrial cities and providing defense workers with housing facilities without delay and saving millions of dollars of our taxpayers' money, you should support my pending amendment. [Applause.]

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Wisconsin [Mr. SCHAFER].

The CHAIRMAN. Does the gentleman withdraw his point of order?

Mr. LANHAM. Mr. Chairman, I withdraw my point of order.

Mr. Chairman, the amendment offered by the gentleman from Wisconsin [Mr. SCHAFER] provides that loans from the funds authorized in this measure may be made to the United

States Housing Authority, whereas that Authority now has \$150,000,000 that it cannot use by reason of the fact that subsidies for maintenance and repayment of the loans are not available. Why put more money at their disposal when they cannot under existing conditions use what they have?

In addition to that, Mr. Chairman, his amendment provides for permanent housing under the Housing Authority, whereas the purpose of this bill is to provide temporary housing for national defense during the time of the emergency, then that housing will be disposed of when the termination of the emergency comes. The functions of the Housing Authority are different from the purposes set out in this bill.

The Housing Authority has to do with slum clearance, it was developed for the purpose of constructing dwelling units for people in low-income groups, it goes on permanently insofar as its operation is concerned with regard to those things, whereas the purposes of this bill are to provide temporary housing facilities primarily for civilian workers at these plants and establishments used for national defense.

Mr. HOLMES. Will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Massachusetts.

Mr. HOLMES. I do not think the gentleman means to convey to the Members of the House the impression that many of these units in municipal areas are going to be of a temporary nature.

Mr. LANHAM. Some of them will not be.

Mr. HOLMES. Many of these buildings—in all probability the buildings in metropolitan areas such as Boston, Philadelphia, Washington, and other places where the navy yards are located, will be of such character that they will be a permanent part of the community.

Mr. LANHAM. That is true and they should be, because they enhance the opportunity of sale when they are no longer necessary for national defense.

Let me call attention to the next provision of the bill. Insofar as the personnel and the facilities of these various housing authorities are concerned, the authority is given to utilize them and reimburse them for such use. But to divert funds that are set aside for definite, specific purposes to be handled in a definite, specific way, as outlined in this bill, to the Federal Housing Authority, would not be in keeping with the functions of that authority and would not be in keeping with the functions of the bill, because this construction must be under one responsible head, using, insofar as possible, the facilities of all housing agencies that will speed up the necessary work.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. This bill authorizes \$150,000,000 for temporary and permanent housing for national-defense workers, does it not?

Mr. LANHAM. Yes.

Mr. SCHAFER of Wisconsin. It has been testified before our committee that many of these buildings will be of a permanent nature and many will be temporary?

Mr. LANHAM. Yes.

Mr. SCHAFER of Wisconsin. My amendment merely authorizes the erection of permanent buildings to house national-defense workers during the emergency under the United States Housing Authority and local municipal housing authorities in and adjacent to the large industrial cities. Therefore, after the emergency is over, instead of selling these buildings to a few racketeers for a song, as was done after the last World War, the local municipal housing authorities will have the use of those buildings for their slum-clearance programs which will enable them to provide decent homes at a reasonable cost for many of the rank and file of the poor people of the United States of America. My amendment is permissive and not mandatory. It will speed up the program of the Government to erect homes for national-defense workers in large industrial centers where private business does not provide sufficient homes.

Mr. LANHAM. But, Mr. Chairman, the gentleman's amendment diverts from the purposes of this bill funds to the

United States Housing Authority to carry out their purposes. It gives them grants and it gives them loans out of this money and diverts and divides the authority for carrying out the provisions of this bill. Winter is coming on and this housing is needed. We do not want any division of sentiment or any division of authority with reference to carrying this out.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Tennessee.

Mr. GORE. The gentleman has very correctly stated that this would add funds to funds now unusable. The United States Housing Authority operates through loans and subsidies. It cannot make the loans without the subsidies. As the gentleman stated very correctly, it has approximately \$150,000,000 now which it cannot use because it does not have the subsidy to match that sum. This would only add to that and make it unusable.

Mr. LANHAM. The gentleman is correct. There is no reason to augment their funds by an amendment of this character. I hope the amendment will be defeated. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SCHAFER].

The amendment was rejected.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there is a great deal to what the gentleman from Wisconsin has said. The amendment the gentleman offered contained a great deal of merit. I am sure that my distinguished friend the gentleman from Texas [Mr. LANHAM], one of the soundest Members of this House and one of the most influential Members, did not mean that all this \$150,000,000 was going to be used for temporary purposes. That is where the position taken by the gentleman from Wisconsin comes into the picture in a very important manner.

I can see where emergency housing for the purposes stated in this bill would be of a temporary nature in a country town or in a small-sized city where there is a substantial business but where, because of the preparation for war activities, tremendous orders come in, resulting in an unusual employment of help during that period. I can see where whatever buildings are constructed for housing purposes under such situations of necessity should be of a temporary nature. However, take the case of Boston, Philadelphia, New York, and Chicago, or any large city, where a situation exists where increased emergency housing facilities must be constructed as contemplated by this bill. To construct them purely of a temporary nature would be an inadvisable and unwise investment on the part of the Federal Government. The argument of the gentleman from Wisconsin on that premise is sound. It is not only logical but it is sound from the angle of finances. If the Federal Government is going into Boston, for example, or any other large city, to construct a project for the purposes set forth in the bill, why would not the wise thing be to construct the project for permanent use, in the first instance to be used by those employees of a navy yard or any private business in connection with national defense, and after the emergency is over, instead of tearing down the buildings, to use them in connection with the low-cost housing program, to allow the local housing authority to purchase them or to lease them under satisfactory conditions. I think the argument of the gentleman from Wisconsin carries great weight in that direction.

I had the pleasure of hearing some of the witnesses before the committee, and I was very much impressed with the very serious manner in which the members of the committee approached the consideration of this bill. The only premise on which this bill is justified is, first, the national-defense situation, and second, the fact that if we allow private companies, in connection with increased national-defense orders, to build houses it is a step backward in the progressive journey of labor in this country; it is a step backward by putting them under the control of a corporation, because the corpora-

tion that owns the houses controls to a great extent the lives of its employees.

I approve of this legislation under existing circumstances. The committee has done a wise thing in reporting it. However, I believe that the suggestions of the gentleman from Wisconsin are worthy of profound consideration and that something should be done; something should be put into this bill in order to try to meet the sound suggestion the gentleman has made.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HOLMES. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Massachusetts.

Mr. HOLMES. I recall that the gentleman came before our committee during the hearings on this bill. I believe the gentleman will recall that as to the housing under the general-defense program, witnesses who came before our committee said that insofar as is humanly possible private capital will be utilized to do this construction.

Mr. McCORMACK. The gentleman from Massachusetts is correct.

I also suggest that the Administrator, when he goes into a city of large population, approach the construction of any project within the meaning of this bill from the angle of permanent construction, and that he consult the local housing authority and utilize their services, and allow the local agency to cooperate with him. I admire the United States Housing Authority, although I realize there is some division of opinion on it. In my opinion, Mr. Straus has done a wonderful job. That action, however, will not bring into the picture the United States Housing Authority but will bring into the picture the local housing authorities, which are created by State statutes and which know the local needs.

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Texas.

Mr. LANHAM. I may say that the provision in the next section through the committee amendment authorizes the Administrator to use these various agencies.

Mr. McCORMACK. I know that, but the mere fact that the authority is there does not necessarily mean that they will exercise it. If the Administrator knows the views of the chairman and the members of the committee, and of other Members of Congress, as contained in the CONGRESSIONAL RECORD, when the Administrator and those associated with him go into the large cities they will recognize the feeling of Congress and ask the local housing authorities to cooperate with them and make suggestions as to the type of project that should be constructed, having in mind not only the national defense housing emergency but a long-term permanent program of low-cost housing. [Applause.]

[Here the gavel fell.]

Mr. HOFFMAN. Mr. Chairman, I move to strike out the last two words and ask unanimous consent to revise and extend my own remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Chairman, I did not understand the gentleman from Massachusetts [Mr. McCORMACK], and I want to ask him a question. Did the gentleman say that the housing or the buildings should be constructed by the Government or by a private corporation? I did not get that.

Mr. McCORMACK. What I said was that generally by private capital, but in the emergency, the passage of this bill is necessary.

Mr. HOFFMAN. You mean the Government should construct these buildings. Is that right?

Mr. McCORMACK. Under these circumstances, having in mind the exigency that exists, it is the only logical and reasonable course to take.



Mr. HOFFMAN. That is, you assume that private industry cannot build them quickly enough?

Mr. McCORMACK. Of course, if private industry can do it, the Administrator should have private capital construct them, if private capital can be interested; but, if not, then in the emergency the Government is justified in stepping into the picture.

Mr. HOFFMAN. I thank the gentleman.

Mr. McCORMACK. May I say this, that the Government, in investing its money, should have in mind not only the emergency but the long-time permanent use of them in connection with low-cost housing in cities where that condition exists.

Mr. HOFFMAN. That is, many of these buildings are to be of such a type that they will be permanent buildings? Is that your position?

Mr. McCORMACK. Where a situation exists, such as we have in large cities, where they could be used after the emergency is over?

Mr. HOFFMAN. Yes?

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. I yield.

Miss SUMNER of Illinois. I hope the gentleman from Massachusetts [Mr. McCORMACK] will not see fit to revise his remarks because I thought it was a very interesting statement. So often some of us suspect our gradual progress toward socialism, but this is the first time I have heard the progress clarified in words.

Mr. HOFFMAN. The thought that came while the discussion was going on was this, and it was rather striking coming from the gentleman from Massachusetts, unless I misunderstood him, we have an emergency. That is not anything new, of course. So we draft a million or more men, then we must draft, I take it, sooner or later, men for work in the factories because we are not able, as it is, to produce as rapidly as we should and as we must. Then when we draft these men for work in the navy yards and in the factories we must build places for them to live. That gives us these homes, hundreds of thousands of them, apparently, and then after the emergency is over—and I ask the gentleman from Massachusetts, We do expect it to be over sometime, do we not?

Mr. McCORMACK. That is self-answerable.

Mr. HOFFMAN. I do not know. After 7 years of it, I do not know, I hope—

Mr. McCORMACK. As a matter of fact, it is 10 years, but we are talking about the immediate emergency. The gentleman knows that as well as I do.

Mr. HOFFMAN. Well, I do not know—immediate emergency. We have had immediate recurring emergencies one after the other for the past 7 years—you say 10 years. Well, if there were 2 years of emergency under Hoover and then you put 8 years more on it, that does make 10, but there has been an ever-increasing emergency. Roosevelt has given us a whole flock of emergencies. We would have one and then we would have another. When the war is over—this war we are going to fight for someone else, when the war is over, the emergency, I suppose, unless the New Deal is still in, will have ended. Then we will have the Government with thousands or hundreds of thousands of homes on its hands. People will be living in them. We will have the Government with millions of tenants. I do not know how these tenants are going to support themselves—they cannot all be on relief—they will have to have jobs. The jobs which caused the Government to build the homes will be gone for the emergency will be over. What is to become of the tenants. The people for whom the houses are to be built?

One of the foundation stones upon which this Government rests is the American home. A nation of home owners is a peaceful nation, a prosperous nation. A nation willing to fight and maintain itself. Who will not fight for home and fireside? A nation of tenants is a weak nation.

In his home every man has pride, every woman sanctuary. A home is the citadel of the family. A nation housed in Government houses, not homes, is a multitude of individuals.

Cattle are kept in stalls. Would you compel the free, independent American to live as it might be in a Government stable? No home is worth having in the long run except as a man earns it for himself.

This administration has taken us a long way on the road toward state socialism, toward communism. Draft men? Put the worker under Government control, put him and his family in a Government owned and operated house, on Government work, under Government supervision, and what is there left of the traditional American freedom? Those who represent labor here in this House should consider before they commit themselves to a program like this.

[Here the gavel fell.]

Mr. JENSEN. Mr. Chairman, I ask unanimous consent to return to page 3, line 20, for the purpose of offering a perfecting amendment.

Mr. LANHAM. Mr. Chairman, we have long since passed that section and there are a number of gentlemen here who are anxious for the consideration of this measure to be concluded as early as possible on account of other important engagements, and I shall have to object.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman reserve his objection? Many of us have been patient here and have not called for quorums and we have done this in order to cooperate with the gentleman from Texas. The gentleman from Iowa was called to the telephone at the time this place in the bill was reached and could not offer his amendment. I hope the gentleman will permit him to offer it now.

Mr. LANHAM. I suggest the gentleman defer his request until we have finished the consideration of the bill and then we will have some opportunity to see what the gentleman's amendment is.

Mr. JENSEN. Will the gentleman from Texas allow the amendment to be read and then the gentleman can act on the request?

Mr. LANHAM. Mr. Chairman, I have no objection to the amendment being read.

The CHAIRMAN (Mr. BEAM). Is there objection to the request of the gentleman from Iowa that the amendment may be read?

There being no objection, the Clerk read as follows:

Amendment offered by Mr. JENSEN: On page 3, line 20, strike out the words "land acquisition", and, after the word "facilities", in line 29, insert "and the cost of real estate on which such dwellings are to be erected shall not exceed 20 percent of the cost of the completed dwelling unit or units erected thereon."

Mr. LANHAM. Mr. Chairman, I object.

Mr. WOOD. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard. The Clerk will read.

The Clerk read as follows:

Sec. 8. In carrying out the provisions of this act the Administrator is authorized to utilize employees and facilities of the Federal Works Agency and of its constituent units, and any funds appropriated pursuant to this act shall be available for transfer to any such agency in reimbursement therefor.

With the following committee amendment:

Page 7, line 3, after the word "and", strike out "of its constituent units" and insert "other Federal agencies and of any local public agency, with the consent of such agency."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 7, insert a new sentence as follows:

"Nothing in this Act shall be construed to prevent the Administrator from employing or utilizing the professional services of private persons, firms, or corporations."

Mr. SCHAFER of Wisconsin. Mr. Chairman, I offer an amendment to the pending committee amendment, to strike out the word "utilizing."

The Clerk read as follows:

Amendment offered by Mr. SCHAFER of Wisconsin to the committee amendment: Page 7, line 9, after the word "or", strike out the word "utilizing."

Mr. SCHAFER of Wisconsin. Mr. Chairman, I take this opportunity for a brief post mortem on my defeated amendment, which proposed to utilize the services of the United States Housing Authority and local municipal housing authorities in the interest of national-defense housing and to help prevent our almost bankrupt Federal Treasury from going bankrupt.

The gentlewoman from Illinois, who is one of the most distinguished, diligent, and able Members of the House, interjected her views with reference to the speech delivered by our able and distinguished colleague the gentleman from Massachusetts [Mr. McCORMACK], and inferred, as I interpreted her remarks, that those who supported the provisions of my amendment were expounding state socialism. Well, I am not in favor of state socialism. I favor more sound business principles applied to the business of Government and less Government competition in legitimate fields of private business endeavor, as well as less government monkey business with legitimate private business. [Laughter and applause.]

My amendment was not a socialistic amendment. Let us briefly look at the facts. It has been testified before our committee by the proponents of this bill that, in large industrial centers such as Milwaukee, Philadelphia, Chicago, Boston, New York, and so forth, additional housing facilities provided under this bill would only be provided by the Government if private business institutions did not and could not provide them. Funds which are authorized to be appropriated under this \$150,000,000 authorization bill, if the Government provides housing facilities in or adjacent to these large cities are to be used to build permanent and not temporary housing facilities. That is good sound business practice. I do not favor having the Government spend three or four thousand dollars or more per unit to erect temporary housing facilities in or adjacent to Washington, Philadelphia, Chicago, Milwaukee, New York, or other large cities, and then after the emergency is over, pay some favored contractor or building wrecker money for tearing down the buildings or removing them, as was done after the last World War.

Now, with respect to socialism: I am not a supporter of United States Housing Authority expansion in competition with legitimate private business. However, let us face the facts. If the Government is to erect permanent housing facilities in or adjacent to these large cities like Boston, Philadelphia, New York, Milwaukee, and Chicago, and after the emergency is ended the Government is going to get rid of them, is it nearer state socialism, for the Government to sell them for a song to a favored private real-estate operator so that he can unfairly compete with legitimate private business, or is it nearer state socialism to make them available for a local housing authority to provide housing facilities at a moderate cost for the rank and file of the very poor people of the United States of America? In fact, the position which I have taken in offering my United States Housing Authority amendment has been directly to the rear along the highway of state socialism, and the position as indicated by the distinguished, able, and diligent gentlewoman from Illinois is a long step onward and forward along the highway leading to state socialism. [Applause.]

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, unless the amendment offered by the gentleman from Wisconsin was pro forma—

Mr. SCHAFER of Wisconsin. It is pro forma. I asked to strike out the word "utilization." It was utilized, under the rules of the House, to get 5 minutes to keep the record straight. I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Without objection, the amendment will be withdrawn.

There was no objection.

Miss SUMNER of Illinois. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the gentleman from Wisconsin [Mr. SCHAFER], a great and good man, mentally as well as physi-

cally [laughter], has expressed my sentiments exactly. He is not for state socialism. He is against totalitarianism. He is against communism. He is against the combination of these ideologies which is the New Deal. He has proved that again and again on the floor. But there is a middle ground, and I think the gentleman will agree with me, if he stops and remembers, that this Government has several housing programs. We have the slum-clearance program. The gentleman from Massachusetts [Mr. McCORMACK] says, that is a "sound" program. Some of us think it is mostly "sound." Then we have the F. H. A. program. I think one thing that has shocked some members of the Banking and Currency Committee is the fact that this bill seems essentially a bill that should have been considered by the Banking and Currency Committee, because that is the committee which considers bills relating to the F. H. A., the H. O. L. C., and the U. S. H. A. I should like to ask the chairman of the committee if he has considered how this plan might be financed by private capital and guaranteed by the Government?

Mr. LANHAM. From the standpoint of being guaranteed by the Government, we did not give any consideration to that.

Miss SUMNER of Illinois. That is the F. H. A. plan, the gentleman will understand.

Mr. LANHAM. However, we are very anxious for private capital to be invested in just as much of this work as possible, and wherever they are willing to take the risk we prefer that, but this being emergency construction, it is doubtful whether there is any very great part of it in which they will be interested.

There is an opportunity for them under a section we have passed by with reference to the Reconstruction Finance Mortgage Co. to which \$10,000,000 of funds in this bill are being diverted, and there is another \$40,000,000 available. Every effort is going to be made in every way to get private capital and private industry interested in this measure, but I do not think we should talk about a fast limitation.

Miss SUMNER of Illinois. It strikes me as odd that you so often neglect to think to use the F. H. A. plan. In this one program the New Deal has discovered what is rather a progressive invention toward better government; that is to say, when you have a situation such as this where there is an emergency such as war which is likely to end suddenly or a depression which might terminate quickly and when people are afraid to risk their capital, then at that time instead of paying billions out of the Federal Treasury you say: "Come on, invest your capital. The Government will guarantee you. If there is a loss we will pay it." Thus you save the Government a great deal of money and enable the Government to draw from that private capital the taxes which we so need to finance our ordinary operations; and I am sure the gentleman from Wisconsin will agree that that is a very adequate solution to the defense housing problem, is it not? Yes. You Democrats are so used to following a man but our Republicans do not mind following a woman occasionally. [Laughter and applause.]

[Here the gavel fell.]

By unanimous consent, the pro forma amendment was withdrawn.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. SABATH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SABATH: On page 7, line 7, after the word "therefor", strike the period and insert a comma and the following: "or for use by local public agencies to whom loans may be made for the purposes of this act by the Administrator at such interest as he shall fix."

Mr. SABATH. Mr. Chairman, throughout consideration of the bill, both in general debate and under the 5-minute rule, we have heard several objections. In the first place, the gentleman from California [Mr. VOORHIS] criticized the Committee on Rules for not bringing in a rule on S. 591. I assure him, however, that it is not my fault that a rule has not been granted for that bill, which provided aid for the United States Housing Authority.



The gentleman from my own State [Mr. KELLER] pleaded that some of these housing projects are not needed; that some of the activity should be placed in centers where there is ample housing available, as well as manpower. I agree with him in this last statement. I also agree in his statement that the P. W. A. and the U. S. H. A. both have done a good job.

I offer this amendment to make the bill comply with the suggestion of the gentleman from Washington [Mr. MAGNUSON] and the gentleman from Massachusetts [Mr. McCORMACK].

I will state the object of the amendment. I had every reason to believe that the committee would agree to the amendment. A rule was granted and I am amazed that the committee, which agreed that the facilities of the U. S. H. A. may be utilized by the Public Works Administrator, and that the requirements to which attention was called by the gentleman from Wisconsin [Mr. SCHAFER] will be taken care of, did not put some such definite provision in the bill which would make this amendment unnecessary.

All this amendment will do is to give the local housing authority the opportunity to proceed with the work, especially where it has already expended time and money in acquiring sites, plans, and specifications. If we turned this over to it the money spent by it in developing plans and specifications and in acquiring sites would not be wasted. This seems to me to be particularly practicable and desirable in those areas where defense manufactures, shipyards, and so forth are to be located.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I gladly yield.

Mr. SCHAFER of Wisconsin. If the committee adopts your amendment, it will expedite the construction of housing facilities, provide roofs over the heads of these men, provide suitable homes for these national-defense workers and their families, without having to wait from 6 months to a year to draw new plans and specifications and purchase real estate upon which to erect the structures.

Mr. SABATH. I am, indeed, gratified and immensely pleased that for once I can agree with the gentleman from Wisconsin. [Applause and laughter.] I believe he understands the situation thoroughly. His amendment, unfortunately, could not be adopted. I therefore suggested this one, which, I believe, will be adopted.

In the bill, at page 2, the Federal Works Administrator is authorized, acting through the Public Buildings Administration, to make surveys and investigations, plan, design, construct, remodel, extend, repair, or demolish structures, buildings, improvements, and community facilities. That is what the bill provides. Under the U. S. H. A. program, this has already been done by the local authorities, not by private contractors who desire contracts promising fat returns, but by local authorities of the communities and the cities. That work and valuable experience should not be wasted. The chairman of the Committee on Public Buildings and Grounds has stated that haste is required. This will save time and we can proceed with the construction at the lowest possible price. Consequently I hope the amendment is understood and will be agreed to.

[Here the gavel fell.]

Mr. EBERHARTER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have no particular quarrel with any Member of the House who has a particular interest in the activities of the United States Housing Authority, but I call the attention of the Committee to the fact that it was never the intention of the Administrator of the Public Works Agency to make all of these housing projects of a temporary nature. No testimony was given before the committee, nor has anything been said on the floor of the House this afternoon in the debate that should leave the impression that all the houses are going to be of a temporary nature. It is contemplated that where circumstances fit into the picture the housing projects will be of a permanent nature. I call your attention

to the fact the measure we are considering this afternoon is a defense measure and the proposition is altogether different from the social aspects of the United States Housing Authority projects. The gentleman from Illinois offers an amendment which would in effect direct the Administrator to make loans and grants to the United States Housing Authority. I do not think this Committee wants to approve any such proposal as that. There was only one person appeared before the committee to sort of protect the interests of the United States Housing Authority, and that was a gentleman from Boston, Mass., a very fine man introduced by the gentleman from Massachusetts [Mr. McCORMACK]. I talked to him about the provisions of the bill, and I asked him this question:

Will you tell me whether I have the correct insight as to your position on this. Under the United States Housing Authority and the authority granted to it and under the State laws, the local housing authorities are not now in a position to put up defense housing because of restriction as to eligibility of tenants and the time it would take to erect them—

And so forth?—

That is right.

Further down:

Mr. EBERHARTER. You do not want any mandatory provision in this bill saying that the United States Housing Authority and the local authorities must be used in the construction of those houses?

Mr. BREEN. No.

If we put anything in this measure this afternoon that may be construed to give special right to the United States Housing Authority we are simply trying to mix something that will not mix at all; in other words, two fundamentally different propositions. I am sure that the language of the bill as it now stands gives the Federal Works Agency, the Public Buildings Administration, and Mr. Carmody the right to use the plans, the specifications, the personnel, and the facilities of the United States Housing Authority. I believe it would be fundamentally wrong to incorporate any separate provision in the bill for the United States Housing Authority.

Mr. SABATH. Will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Illinois.

Mr. SABATH. I am afraid the gentleman has not carefully read my amendment. There is no "must" or "shall" in it. If the Public Administrator finds that it will be to the advantage and will hasten the activities and the completion of these needed housing projects, then he has the right to utilize and aid this United States Housing agency which has constructed buildings for \$2,740, \$1,000 lower than the bill now provides.

Mr. EBERHARTER. Is the gentleman asking me a question? My chief objection to the amendment offered by the gentleman from Illinois is that it gives the Federal Administrator instructions practically to make loans or to grant subsidies, which is not the thing we want in this particular measure. The gentleman from Illinois stated that if it was up to him he would have reported the rule which would have given the right-of-way to the United States Housing Authority measure. So for these reasons, considering the bill and its general purposes, I trust the amendment will be defeated.

Mr. McGRANERY. Will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Pennsylvania.

Mr. McGRANERY. Is it true that under the present law, or under this bill now before the Committee, if the Administrator were directed to turn this work over to the United States Housing Authority the local authority under the law would be required to advertise for bids?

Mr. EBERHARTER. The local authorities are set up under State laws. They all have their own State laws, which throw certain restrictions on the activities of those local authorities. So the local authorities would in most instances not be able to function through any money received by this bill. In other words, the only authority granted to them is through their State laws, and we have 48 different State laws covering the expenditure of any loans or grants that may be put into this bill.

Mr. McGRANERY. Does the gentleman agree with the chairman of the Committee on Public Buildings and Grounds that under the pending bill the Administrator would have the authority under this bill to use the facilities of, in my case, the Philadelphia Housing Authority for any project they saw fit to put forth?

Mr. EBERHARTER. The Administrator would have the authority to use the personnel, the facilities, and the plans and specifications, and would reimburse the Housing Authority for any expenditures they might make.

[Here the gavel fell.]

Mr. SCHAFER of Wisconsin. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Illinois [Mr. SABATH].

Mr. Chairman, let us briefly refer to the debate on the floor of the House, including that of our very able and distinguished chairman of the Committee on Public Buildings and Grounds whom we all admire. The chairman opposed my United States Housing Authority and local municipal housing authority amendment, which was along the lines of the pending Sabath amendment, and he indicated that all of the housing facilities provided under this bill were to be temporary structures, until one of our colleagues, a member of the committee, the able and distinguished gentleman from Massachusetts [Mr. HOLMES] corrected him.

With reference to the questions raised by the gentleman from Pennsylvania, who wanted to know something about what was to be done for Philadelphia under this housing program, let me suggest that he carefully read the language contained in section 8 on page 7 of the bill as reported by the Committee on Public Buildings and Grounds. This section merely provides that the Federal Works Administrator can utilize the services of the employees and administrative departments of the United States Housing Authority and the local municipal housing authorities.

Insofar as providing funds to erect housing facilities by those authorities this bill does not authorize one penny for construction in Philadelphia or in any other part of the country. After listening to the hullabaloo raised by some of the members of the committee reporting this bill who opposed the Sabath amendment and my United States Housing Authority and Municipal Housing Authority amendment, one would be led to believe that those amendments were mandatory although they were only permissive. As a matter of fact, the amendment which I offered and the pending Sabath amendment are merely permissive amendments in the interest of preventing delay, expediting completion of defense housing, and conserving the funds of the Federal Treasury, which will have to be produced by our overburdened American taxpayers.

Mr. SABATH. Yes. It only gives them the right if they desire.

Mr. SCHAFER of Wisconsin. The distinguished gentleman from Illinois is absolutely correct. Mr. Chairman, one of the best witnesses who appeared before our committee was Mr. Breen, the head of the Boston (Mass.) Housing Authority, and he said that if funds in the way of loans or grants were made available to the Boston Housing Authority they could immediately commence to build housing projects which could be used to house defense workers during the emergency.

Mr. Chairman, in the interest of economy, in the interest of providing housing facilities for national-defense workers without delay, and in the interest of good, sound business practice, and conserving the funds which must be produced in the sweat and toil of the American taxpayers, I urge the thinking Members of this House to support and vote for the pending amendment which was offered by the chairman of the Rules Committee, the able and distinguished gentleman from Illinois [Mr. SABATH]. This amendment is not mandatory but only permissive. Let us be reasonable. We Members of Congress, the legislative body of the United States Government, do not have to goose-step and rubber-stamp a bill without crossing a "t" or dotting an "i" just because some

bureaucrat asks the committee and the Members of Congress to do so. Mr. Chairman, in the interest of national defense, in the interest of conserving the funds of the Federal Treasury, in the interest of obtaining defense housing facilities in and adjacent to the large industrial centers where we must have additional housing facilities, which cannot be provided by private business, I ask the Members, irrespective of their political party affiliations, to vote for the pending Sabath amendment. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. SABATH].

The amendment was rejected.

The Clerk read as follows:

SEC. 9. The Administrator may enter into any agreements to pay annual sums in lieu of taxes to any State or political subdivision thereof, with respect to any real property acquired and held by him under this act, including improvements thereon. The amount so paid for any year upon any such property shall not exceed the taxes that would be paid to the State or subdivision, as the case may be, upon such property if it were not exempt from taxation.

SEC. 10. Notwithstanding any other provision of law, the acquisition by the Administrator of any real property pursuant to this act shall not deprive any State or political subdivision thereof of its civil and criminal jurisdiction in and over such property, or impair the civil rights under the State or local law of the inhabitants on such property.

SEC. 11. The Administrator is authorized to make such rules and regulations as may be necessary to carry out the provisions of this act.

With the following committee amendment:

Page 8, line 2, after "act", insert the following: "and shall establish reasonable standards of safety, convenience, and health."

The committee amendment was agreed to.

Mr. SCHULTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHULTE: On page 8, after line 3, insert a new section, as follows:

"SEC. 12. Notwithstanding any other provision of law, the wages of every laborer and mechanic employed on any construction, repair, or demolition work authorized by this act shall be computed on a basic day rate of 8 hours per day, and work in excess of 8 hours per day shall be permitted upon compensation for all hours worked in excess of 8 hours per day at not less than one and one-half times the basic rate of pay. Not less than the prevailing wages shall be paid in the construction of defense housing authorized herein."

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. SCHULTE. I yield to the gentleman from Texas.

Mr. LANHAM. All of the legislation with reference to matters of this character has carried a provision similar to this. Those who have been sponsoring this bill have stated that it is their intention and their policy to carry out such a procedure, and that it was not incorporated in the measure by reason of the fact that it might be considered as surplusage. Whether or not it is properly drawn in exactly the right language, I do not know, but that can be investigated later. I may say that from my angle I will interpose no objection to the adoption of the amendment.

Mr. SCHULTE. Mr. Chairman, the only reason I offer this amendment is to protect the rights of labor. In the building trades in particular advances and gains have been made over a period of years, and only through hard struggle and self-sacrifice have they been able to do this. There have been a great many contractors, on Federal projects as well as on private ones, who have taken advantage of this particular section. They go into some section and take a contract on a very low bid and then try to take it out on the labor, who will be sacrificed. In other words, they will come into a particular district where the prevailing rate of wage, we will say, is \$1.25 or \$1.50 for carpenters, and they will offer them 90 cents. Where bricklayers are getting \$1.25 the contractor will offer them 75 cents. In other words, he will tear down the entire wage structure. All this amendment does is protect the wages and hours and the prevailing rate of pay in the district in which the work takes place. I do hope the Committee sees fit to adopt this amendment. [Applause.]

[Here the gavel fell.]



The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The amendment was agreed to.

The Clerk read as follows:

SEC. 12. If any provision of this act, or the application thereof to any persons or circumstances, is held invalid, the remainder of this act, or application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 13. At the beginning of each session of Congress, the Administrator shall make to Congress a full and detailed report covering all of the transactions authorized hereunder.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore [Mr. RAYBURN] having assumed the chair, Mr. BEAM, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H. R. 10412) to expedite the provision of housing in connection with national defense, and for other purposes, pursuant to House Resolution 594, he reported the same back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

On motion of Mr. LANHAM, a motion to reconsider was laid on the table.

Mr. LANHAM. Mr. Speaker, I ask unanimous consent that in the bill just passed the sections may be renumbered, inasmuch as a new section was added.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### CALENDAR WEDNESDAY BUSINESS

Mr. LANHAM. Mr. Speaker, I ask unanimous consent that the business in order on tomorrow, calendar Wednesday, may be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### EXTENSION OF REMARKS

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in Committee of the Whole today and to include therein certain brief excerpts from records and documents.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. SHORT] may extend his own remarks in the RECORD and include therein an editorial.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a petition by some mothers' clubs of Minnesota regarding conscription.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

#### SACO DIVIDE UNIT, MILK RIVER PROJECT

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 9734) authorizing allocation of funds for the construction of Saco Divide unit, Milk River project, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, is this the irrigation bill about which the gentleman from Montana spoke to me?

Mr. O'CONNOR. That is right.

Mr. MARTIN of Massachusetts. I have no objection, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That the President in making allocation from and pursuant to the item for water conservation and utility projects contained in the Interior Department Appropriation Act, 1940, may allocate such amounts as he deems necessary for the construction of pumping and distribution facilities and land development for the Saco Divide unit of the Milk River project: *Provided*, That such amounts shall be reimbursed to the United States by the water users on the Saco Divide unit in not to exceed 40 annual installments, the first installment to begin in the year following the last payment made to the United States by the water users on the Saco Divide unit for that portion of the cost of facilities common to the Saco Divide unit and other units of the Milk River project to be allocated by the Secretary of the Interior to the Saco Divide unit. Payments on account of those costs of said common facilities thus allocated shall be paid into the reclamation fund, and the component of such payments attributable to costs of construction prior to 1935 as determined by the Secretary of the Interior shall be credited to write-offs made on the Milk River project pursuant to the act of May 25, 1926 (44 Stat. 636).

With the following committee amendment:

Strike out all after the enacting clause and insert:

"That the President in making allocations from and pursuant to the item for water conservation and utility projects contained in the Interior Department Appropriation Act, 1940, may allocate such amounts as he deems necessary for the construction of pumping and distribution facilities and land development for the Saco Divide unit of the Milk River project: *Provided*, That such amounts expended on land development shall be reimbursed in not to exceed 40 annual installments: *Provided further*, That such amounts expended on the construction of pumping and distribution facilities shall be reimbursed to the United States by the water users on the Saco Divide unit in not to exceed 40 annual installments, the first installment to accrue not later than the year following the last installment due and payable to the United States by the water users on the Saco Divide unit for that portion of the cost of the facilities common to the Saco Divide unit and other units of the Milk River project to be allocated by the Secretary of the Interior to the Saco Divide unit. Payments on account of those costs of said common facilities thus allocated shall be paid into the reclamation fund, and the component of such payments attributable to costs of construction prior to 1935 as determined by the Secretary of the Interior shall be credited to write-offs made on the Milk River project pursuant to the Act of May 25, 1926 (44 Stat. 636).

"Sec. 2. No water shall be delivered for the Saco Divide unit until the Secretary of the Interior has entered into the contract or contracts required in his judgment, to carry into full effect the provisions of section 1 and to provide for repayment of the reimbursable construction costs chargeable to the Saco Divide unit."

Mr. O'CONNOR. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment by Mr. O'CONNOR, as a substitute for the committee amendment:

"That in connection with the Saco Divide unit of the Milk River project there shall be included in the water users repayment obligations, in addition to the amounts that may be allocated by the President for the construction of pumping and distribution facilities and land development of this unit from funds appropriated for water conservation and utility projects by the Interior Department Appropriation Act, 1940, to be repaid as therein provided, that portion of the cost of the facilities of the Milk River project common to the Saco Divide unit and other units of the Milk River project that may be allocated to the Saco Divide unit by the Secretary of the Interior. The cost of Fresno Dam and Reservoir so allocated by the Secretary shall be included for repayment in not to exceed 40 annual installments along with the costs of pumping and distribution facilities allocated by the President for repayment as provided by the water conservation and utility projects item in the Interior Department Appropriation Act, 1940; the cost of the other common facilities of the Milk River project

allocated by the Secretary to the Saco Divide unit shall be repaid in not to exceed 20 annual installments, the first to accrue not later than the year following the last installment due and payable to the United States from the water users of the unit on the obligation comprising the amounts allocated by the President for construction of pumping and distribution facilities and the costs of the Fresno Dam and Reservoir allocated to the unit by the Secretary. Payments on account of the costs allocated by the Secretary shall be credited to the reclamation fund, and the component of such payments attributable to costs of construction prior to 1935 as determined by the Secretary shall be credited to write-offs made on the Milk River project pursuant to the act of May 25, 1926 (44 Stat. 636).

"Sec. 2. No water shall be delivered for the Saco Divide unit until the Secretary of the Interior has entered into the contract or contracts required, in his judgment, to carry into full effect the provisions of section 1 and to provide for repayment of the reimbursable construction costs chargeable to the Saco River unit."

Mr. O'CONNOR. Mr. Speaker, this bill as amended has the approval of the Committee on Irrigation and Reclamation and also the approval of the Interior Department, likewise the O. K. of the Bureau of the Budget. To go into it I would have to give you some history of the matter.

The Saco Divide project is not a new one, but is an extension of the Milk River project which has gone through a long period of slow but steady development, the first irrigation in the Milk River valley being in 1890, when an early settler by the name of T. B. Burns and some of his neighbors constructed a brush and rock dam near the present site of the Fort Belknap diversion dam. This dam was maintained for 20 years.

In 1902 an investigation by the Geological Survey showed that if successful irrigation were to be accomplished along the Milk River the flow of the river would have to be increased by delivery of water from St. Marys River to the Milk River through the proposed St. Marys Canal and transportation by river channel to the lower valley. A suitable agreement had to be made with Canada to protect the water supply from diversion throughout the 200 miles or more of river channel in Canada. Preliminary work in connection with the St. Marys unit was continued through 1903 and 1904. In 1905, \$1,000,000 was taken from a Reclamation fund previously created, for the construction of the canal. In 1916 the St. Marys Canal was completed, and the first water delivered to the Milk River for irrigation use was during the season of 1917. A storage reservoir was constructed at Sherburne Lake, now included in Glacier Park, and water is diverted through a 29-mile canal which empties into the north fork of the Milk River, thus supplementing the river's natural flow and that of other streams emptying into it. Water is diverted from Milk River by dams near Chinook, Harlem, Dodson, Vandalia, and the Fresno dam which was completed in 1939.

Progress and development has been slow, but in 1939 there were 691 farms irrigated in the Milk River Valley and crops produced were valued at \$1,181,583.03.

This very fertile valley winds through a drought- and insect-infested country, where hundreds of families found a living could not be made by dry-land farming. The Soil Conservation Service took over 970,199 acres of abandoned cropland, and it is the purpose of that agency to reseed and bring this land back to where it can be reverted to its former use, that of grazing, and to resettle the families who had to give up dry-land farming in the Milk River Valley as the irrigation program can be extended to make room for them. The Milk River Valley contains thousands of acres of rich and as yet undeveloped irrigable land, enough land, it is said, to resettle all of the unsuccessful dry-land farmers within the area. The Farm Security office at Malta has applications on file from hundreds of dry-land farmers now living within the area who desire resettlement on irrigable farm units.

The lands of the Saco Divide project, comprising 9,400 acres, are situated between Beaver Creek and Milk River near Saco, in Phillips County. They lie above the Nelson South Canal of the Milk River project and are planned to be irrigated by pumping from this canal, which will be slightly enlarged for a distance of 10 miles. Water for irrigation will be raised a maximum height of 85 feet and be conveyed to the

farms by four laterals, of 30 miles aggregate length, through a system of sublaterals and farm ditches. Electrical energy for pumping will be obtained from the plant which is being installed at Fort Peck Dam and can be delivered by transmission lines already in existence.

The bill proposes to charge against said project the following items that will be repayable within the first 40 years: Two hundred and forty-five thousand dollars, money heretofore expended in construction of Fresno Dam, for which there are no contracts guaranteeing repayment to the Government; \$210,000 for construction purposes; and \$200,000 to be used by the Agricultural Department in land development. As a second series covering a period of 20 years, beginning the last year of the 40 years, covers repayment of \$225,000 charged off in 1926 by an act of Congress. There will be used \$160,000, which will be nonreimbursable, of W. P. A. labor and materials. The Agricultural Department will also advance for the purchase of lands a sufficient amount of money with which to secure title. The whole project will be paid off in approximately 60 years. Four hundred and ten thousand dollars of this money comes from the appropriation made by the Congress under the Wheeler-Case law. This project was about 2 years ago approved by the Great Plains Committee. This committee was appointed at the request of the President to make a survey to meet drought conditions in Montana, South and North Dakota, Wyoming, and part of Nebraska. The people had been droughted out continuously and were migrating to other States. The Great Plains Committee made the survey, as I have heretofore stated, and recommended, among others, this project. The project has the unique characteristic of being a combined irrigation and relief project, which involves also the use of the existing works constructed under the reclamation law. The only reason that the Saco Divide unit cannot be undertaken under the existing law is that the amounts which must be reimbursed, even taking into account the relief expenditures, cannot be repaid by the water users within 40 years. That is the limitation fixed in the Wheeler-Case law. Consequently, this special legislation must be enacted.

The reason why it is contended that this land should bear part of the cost of the Fresno Dam and the Nelson Canal cost is that the project will have the use of these facilities already in existence. The land will bear a little in excess of \$3.60 per acre per year. About \$1.25 per acre per year will be applied on construction charges and \$2.25 for operation, maintenance, and power. It must be borne in mind that the Fresno Dam cost approximately \$1,700,000, and also the canal cost several times the \$225,000; so this land will only bear a part of the expense of these two projects. None of these items bear interest under the reclamation law and policy brought into existence under Theodore Roosevelt in 1902. The amendment that I offered to the bill today, which was requested by the Interior Department and the Bureau of the Budget, simply defers part of the amount charged off for payment under the second series and limits the second series to 20 years, and places the new money advanced as part of the first to be paid in the 40-year series.

The benefits to be derived from the passage of this legislation are about as follows:

When completed this project will reclaim approximately 10,000 acres of very fine, deep-soil benchland, on which now live about 30 families. This is a very dry section of the country and is of little value without artificial irrigation. It is estimated that this project, when completed, will furnish homes for about 200 families. In addition, it will obviate the necessity of advancing seed, feed, and subsistence loans by other Federal agencies. It will also furnish work for W. P. A. labor to about \$160,000. This money would have to be spent anyway for relief. As the location of this project is near Glasgow, many people who worked at Fort Peck may find employment. Work of this kind brings into existence permanent and profitable improvements on which and from which people will be able to make a living.

The project will also recoup for the Government \$225,000 already charged off and \$245,000 for which there is no security



for repayment. Consequently this bill will not only be advantageous to the poor people in that section but also to the W. P. A. worker and likewise to the Government in the end.

Mr. TABER. Are there families already there?

Mr. O'CONNOR. Yes; about 30 families.

I trust that the House will approve the bill.

The SPEAKER pro tempore. The question is on the amendment to the committee amendment offered by the gentleman from Montana.

The amendment to the committee amendment was agreed to.

The committee amendment, as amended, was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### EXTENSION OF REMARKS

Mr. THORKELSON. Mr. Speaker, I renew my request made this morning, and ask unanimous consent to extend my own remarks and to include two articles, one relative to a book by William Backus Guitteau, director of schools, Toledo, Ohio, entitled "Our United States," and the other relating to an article entitled "Burke's Speech on Conciliation," edited by O. H. Ward, Taft School, Watertown, Conn. I have an estimate from the Public Printer.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial, and I also ask unanimous consent, Mr. Speaker, that tomorrow, at the conclusion of all legislative business and any other special orders, I may be permitted to proceed for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SCHULTE. Mr. Speaker, I ask unanimous consent that on next Thursday, after the disposition of the business on the Speaker's table I may be allowed to address the House for 15 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. SCHULTE. And I wish to call to the attention of the House an article that appears in the paper tonight. Three or four months ago, during the investigation of the Milk Trust and the monopoly existing here in the District of Columbia, I made the statement that the committee that was then investigating the milk situation had been sold down the river, and the reason for that was that of the peculiar attitude the corporation counsel took, and in this case only. Now I believe that the Members of this House and the residents of the District of Columbia can readily understand what we were up against. I now want to read an article that is in the Times-Herald today:

Elwood H. Seal resigned today as District corporation counsel to "return to private practice." The District Commissioners accepted his resignation and named Richmond B. Keech, assistant chairman of the Public Utilities Commission, as his successor.

Seal said his resignation would become effective October 31, when he will join the Maryland and Virginia Milk Producers' Association.

The position Seal will take with the milk association is that of general counsel.

#### COMMANDER HOWARD L. VICKERY

Mr. BLAND. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Joint Resolution 596, to authorize Commander Howard L. Vickery to hold the office of a member of the United States Maritime Commission.

The Clerk read the title of the House joint resolution.

The SPEAKER pro tempore. Is there objection to the present consideration of the resolution?

There was no objection.

Mr. BLAND. Mr. Speaker, this is a unanimous report from the committee. The ranking minority member is pres-

ent. This removes the bar of two statutes to the appointment of Commander Vickery to the Maritime Commission.

Mr. WELCH. Mr. Speaker, the resolution was carefully considered by the Committee on Merchant Marine and Fisheries and reported without opposition.

Mr. Speaker, I am fully cognizant of the valuable services which Commander Vickery, of the United States Navy, has been rendering in his capacity as administrative assistant to the Chairman of the United States Maritime Commission. It is felt that his able and proficient capacity should be further recognized and retained in the best interests of the merchant-marine expansion and development. This may best be accomplished by the adoption of this legislative proposal authorizing him to accept appointment as a member of the United States Maritime Commission, which entitles him to the salary of such position while he retains his position and status in the United States Navy. I contend, however, that any future appointments should be made on the basis of a wider geographical representation, for the purpose of bringing to the United States Maritime Commission the peculiar problems affecting each and every area of the Nation. I commend the national attitude of the Commission but believe that the best interests of the Nation will continue to be best served by personnel more widely representative.

The Pacific coast, with its enormous maritime interests, should, as a matter of fairness, be represented on the Maritime Commission.

I certainly trust the resolution will be adopted.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield.

Mr. MICHENER. I am not opposing this, but I want it understood that this will not be considered as establishing a precedent so that one man may hold several jobs under the present administration.

The Clerk read the House joint resolution, as follows:

*Resolved, etc., That notwithstanding any provision of law contrary hereto or inconsistent herewith, Commander Howard L. Vickery, being a commissioned officer on the active list, United States Navy, is authorized to hold the office of a member of the United States Maritime Commission without loss of or prejudice to his status as a commissioned officer on the active list of the United States Navy; and if appointed to such civil office, he shall receive, in addition to his pay and allowances as such commissioned officer, an amount equal to the difference between such pay and allowances as such commissioned officer and the salary prescribed by law for such civil office.*

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### ADJOURNMENT

Mr. SOMERS of New York. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 9 minutes p. m.) the House adjourned until tomorrow, Wednesday, September 11, 1940, at 12 o'clock noon.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MAAS: Committee on Naval Affairs. H. R. 10405. A bill to provide for adjusting the compensation of persons employed as masters-at-arms and guards at navy yards and stations, and for other purposes; without amendment (Rept. No. 2935). Referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BUCKLER of Minnesota:

H. R. 10488. A bill to provide for the construction, extension, and improvement of public-school buildings on the Red Lake Indian Reservation, Minn.; to the Committee on Indian Affairs.

By Mr. LEWIS of Ohio:

H. R. 10489. A bill to impose duties on importation of fuel oil and coal; to the Committee on Ways and Means.

By Mr. ROGERS of Oklahoma:

H. R. 10490. A bill for the relief of the Eastern and Western Cherokees; to the Committee on Indian Affairs.

H. R. 10491. A bill for the relief of the Eastern Cherokees; to the Committee on Indian Affairs.

By Mr. IZAC:

H. R. 10492. A bill limiting number of diplomatic or consular officers or attachés accredited to and maintained in the United States by any foreign power; to the Committee on Foreign Affairs.

By Mr. LEWIS of Ohio:

H. Res. 596. Resolution authorizing and directing the Committee on the Judiciary of the House of Representatives to inquire into the transfer of American naval vessels, and for other purposes; to the Committee on Rules.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. SUTPHIN introduced a bill (H. R. 10493) for the relief of the estate of William Sandlass, which was referred to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of the rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9290. By Mr. GREGORY: Petition of Thomas Wright, noble grand, and Fred Heflin, secretary, Lodge No. 151, Independent Order of Odd Fellows, Mayfield, Ky., favoring material aid to the Allies, the withholding of our manpower, and the curbing of "fifth columnists"; to the Committee on Military Affairs.

9291. By the SPEAKER: Petition of F. A. Billhimer, of Los Angeles, Calif., petitioning consideration of resolution with reference to House bill 7534, the anti-poll-tax bill; to the Committee on the Judiciary.

## SENATE

WEDNESDAY, SEPTEMBER 11, 1940

(Legislative day of Monday, August 5, 1940)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

O God, who art loving unto every man, who hast made us heirs of all the ages of Thy creative power: We thank Thee for Thy divine compassion which is manifest toward us despite our weaknesses, our cowardice, and our self-love. Do Thou make us ever mindful of the radiance and mystery of life, revealing not only Thy wisdom and beauty but also the hallowing influence of friends which, in the quiet corners of experience, illumines the common task. Bestow upon us all the true ideals of liberty, justice, and brotherhood which alone can guide the nations into the way of peace. In this our day of trial may we not shun the discipline of life but rejoice in the work which is its own reward and glory in the difficulties which provide the materials of victory, Thy victory in us. So lead us upward and onward and endow us with the courage of those gallant souls whose cheerfulness in the face of peril puts to shame our self-concern. Through the turmoil of life may we find Thy peace; for the challenge of life may we find Thy strength; and in the adventure of death may Thine everlasting arms be our hope and our eternal refuge. We ask it in the name of Jesus Christ, our Lord. Amen.

#### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Tuesday, September 10, 1940, was dispensed with, and the Journal was approved.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed the following bills and a joint resolution, in which it requested the concurrence of the Senate:

H. R. 9734. An act authorizing allocation of funds for the construction of Saco Divide unit, Milk River project, and for other purposes;

H. R. 10412. An act to expedite the provision of housing in connection with national defense, and for other purposes; and

H. J. Res. 596. Joint resolution to authorize Commander Howard L. Vickery to hold the office of a member of the United States Maritime Commission.

#### CALL OF THE ROLL

Mr. VANDENBERG. I suggest the absence of a quorum. The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Reed
Andrews	Downey	La Follette	Reynolds
Ashurst	Ellender	Lee	Russell
Austin	George	Lodge	Schwartz
Bailey	Gerry	McCarran	Schwellenbach
Barkley	Gibson	McKellar	Sheppard
Bilbo	Gillette	McNary	Smathers
Brown	Green	Maloney	Stewart
Bulow	Guffey	Mead	Taft
Burke	Gurney	Miller	Thomas, Idaho
Byrd	Hale	Minton	Thomas, Okla.
Byrnes	Harrison	Murray	Thomas, Utah
Capper	Hatch	Neely	Townsend
Caraway	Hayden	Norris	Vandenberg
Chandler	Herring	Nye	Wagner
Clark, Idaho	Hill	Overton	Walsh
Clark, Mo.	Hughes	Pepper	Wheeler
Connally	Johnson, Calif.	Pittman	White
Danaher	Johnson, Colo.	Radcliffe	Wiley

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] and the Senator from West Virginia [Mr. HOLT] are absent because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LUCAS], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Florida [Mr. PEPPER], the Senator from Illinois [Mr. SLATTERY], the Senator from South Carolina [Mr. SMITH], the Senator from Missouri [Mr. TRUMAN], the Senator from Maryland [Mr. TYDINGS], and the Senator from Indiana [Mr. VAN NUYS] are necessarily absent.

Mr. AUSTIN. The Senator from Oregon [Mr. HOLMAN] is absent on public business.

The Senator from North Dakota [Mr. FRAZIER], the Senator from New Hampshire [Mr. TOBEY], and the Senator from Minnesota [Mr. SHIPSTEAD] are unavoidably absent.

The PRESIDENT pro tempore. Seventy-six Senators have answered to their names. A quorum is present.

#### ABUSES AND DEFICIENCIES IN ORGANIZATION AND OPERATION OF INVESTMENT TRUSTS AND COMPANIES

The PRESIDENT pro tempore laid before the Senate a letter from the Chairman of the Securities and Exchange Commission, transmitting, pursuant to law, a supplemental report, being section I of chapter VI of part 3 of the Commission's over-all report on the study of investment trusts and investment companies dealing with abuses and deficiencies in the organization and operation of such trusts and companies, and also a list of those parts of the over-all and supplemental reports that have been transmitted already to Congress, which, with the accompanying papers, was referred to the Committee on Interstate Commerce.

#### PETITIONS

Mr. VANDENBERG presented a petition of sundry citizens of the Upper Peninsula of Michigan, praying that appropriate steps be taken to control recurring floodwaters in the valleys of the Sturgeon and Otter Rivers, Mich., which was referred to the Committee on Commerce.